airbnb

Department of Tourism, Innovation, and Sport
Tourism Industry Reference Panel
Discussion Paper: Designing our Tourism Future

Airbnb Submission

Thank you for the opportunity to comment on the Tourism Industry Reference Panel's Discussion Paper: Designing our Tourism Future. Airbnb is committed to working with the Queensland Government to put in place policy settings and initiatives that deliver positive outcomes for local jobs, the recovery of the tourism economy, and the community. With travel set to rebound around the world, we're keen to support the Queensland Government's efforts to ensure the Sunshine State remains competitive and is ready to capture a slice of this rebound. Our community of Hosts — everyday Queenslanders who are passionate about showing off their corner of the state — are also eager to do their part to help grow jobs sustainably into the future.

Ahead of the travel rebound, this moment provides a unique opportunity for us to all work together and make sure we have the right settings in place to seize this opportunity for the benefit of all Queenslanders.

Executive Summary

- Airbnb's community has a strong track record of growing the visitor economy in Queensland, providing more choice of accommodation for consumers in more locations across a variety of price points. In the 12 months to 1st January 2021, our Homes community welcomed over 1.2 million guests throughout Queensland.
- Airbnb's community brings valuable tourism dollars to regions throughout the state. As our community grows, it creates more jobs in local cafes, shops and businesses across Queensland — particularly in rural and regional areas. In 2019, Airbnb guests who stayed in Queensland spent an estimated $1.6 billion, which supported 16,500 jobs in brick-and-mortar businesses such as cafes,

restaurants, and retailers, according to research by Oxford Economics. This same research, commissioned by Airbnb, found that the platform's community contributed over $1.85 billion to Gross State Product.

- With the looming travel rebound, there is a real opportunity for Queensland to develop new tourism markets — and bolster existing ones — through progressive regulatory settings that get the balance right for Hosts, guests and the wider community.

- As we prepare for the travel rebound and the new opportunity to drive job creation that comes with it, we've updated our platform to make it easier than ever for people to become Hosts and make a tangible contribution to their local community.

- To unlock the potential of short-term rental accommodation (STRA) to contribute to the recovery of tourism in Queensland, the Queensland Government can establish a fit-for-purpose STRA regulatory framework that unlocks the opportunity of home sharing as a vital pillar of Queensland's future visitor economy.

- Airbnb has identified a number of targeted regulatory stimulus measures to unlock the full potential of the STRA sector — many of them not costing a dollar. To help create jobs in the hospitality, retail, and transport sectors, and sustainably grow the visitor economy into the future, Airbnb suggests that the Queensland Government considers regulatory reform of the STRA sector by:

  1. Modernising statewide planning rules to provide clarity and consistency across Queensland and remove local government red tape that strangles innovation and economic growth.
  2. Establishing a robust industry-wide Code of Conduct to crack down on party houses and bad behaviour (for context, between July 1, 2019 and June 30, 2020, only 0.086% of trips on Airbnb globally included a safety issue reported by a Host or guest).
  3. Enabling responsible home sharing in strata whilst also empowering strata communities to better manage STRA in their buildings via targeted policy settings to address isolated instances of disruptive behaviour.
  4. Creating a statewide data sharing framework to help policy makers make the best decisions about home sharing and to help with enforcing new fit-for-purpose 21st century rules.

About Airbnb

Airbnb was born in 2007 when two Hosts welcomed three guests to their San Francisco home, and has since grown to 4 million Hosts who have welcomed more than 900 million guest arrivals across over 220 countries and regions. Travel on Airbnb keeps more of the financial benefits of tourism with the people and places that make it happen. Airbnb has generated billions of dollars in earnings for Hosts, 90 percent of whom are individuals listing their own homes, more than half of whom are women, and one in five employed Hosts are either teachers or healthcare workers. In 2019, Airbnb directly supported 300,000 jobs in just 30 destinations, averaging nine jobs for every 1,000 guest arrivals. Travel on Airbnb also has generated more than US$3.4 billion in tax revenue for 29,000 jurisdictions around the world. Airbnb has helped advance more than 1,000 regulatory frameworks for short-term rentals, including in 70% of our top 200 geographies (pre-pandemic). We continue to invest in innovations and tools to support our ongoing work with governments around the world to advance travel that best serves communities.

The Airbnb community in Queensland

Airbnb is a significant component of the visitor economy in Queensland and plays an increasingly vital role in generating and supporting local jobs. The Airbnb Homes platform is used by a broad spectrum of Hosts, ranging from people who make extra income from sharing space in their own homes, to those who list traditional holiday homes, and even to boutique hotels and motels who increasingly list their inventory on our platform. The Airbnb Experiences platform is used by Hosts who are creatives, artisans, and small businesses as an online platform to share their passion with the world and unlock their time and potential to create new economic activity for the benefit of communities across Queensland.

There is a large community of people in Queensland for whom sharing their home or space is now a vital source of supplemental income. The home sharing economy helps to build resilient communities where locals can create supplemental income, and robust economies that are supported by increased visitation and spending by Airbnb guests — often in areas that have not traditionally benefited from tourism. The supplemental income earned helps Hosts meet the cost-of-living and pay their mortgage and bills.

A survey conducted by Airbnb showed that in 2020, hosting helped more than 42 percent of Queensland Hosts on Airbnb afford to stay in their home, with one third saying the primary reason they hosted on Airbnb was to make ends meet.[1] Importantly, the supplemental income earned through home sharing particularly empowers women and older or retired persons to remain in their homes and communities — 67 percent of Hosts with an Airbnb listing in Queensland are women, whilst 24 percent of Hosts are 60 years or older.[2]

Airbnb's contribution to the Queensland economy
Driven by a desire for more local and authentic experiences, travellers from Australia and the world are turning to the Airbnb platform. In the twelve months to 1 January 2020, our Homes community welcomed over 1.2 million guests throughout Queensland.[3]

Airbnb's community brings valuable tourism dollars to both Queensland's cities and the regions and as our community grows, it creates more jobs in local cafes, shops and businesses across the state.

A recent Oxford Economics report commissioned by Airbnb explores the total economic impact of Airbnb in Australia. The landmark report found Airbnb to be a valuable pillar of Queensland's tourism industry, bringing valuable tourism dollars to communities throughout the state. In 2019 alone, Airbnb's community supported 16,500 jobs in brick-and-mortar businesses such as cafes, restaurants, and retailers, and contributed over $1.85 billion to Gross State Product. The report also highlighted the powerful multiplier effect Airbnb guest spending has within local communities — in 2019, Airbnb guests spent a total of $1.6 billion in Queensland.[4] For the Panel's benefit, a copy of the report by Oxford Economics is attached to this submission.

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[1] Airbnb survey data. Survey conducted between 1st February 2021 and 3rd March 2021 on Hosts in Queensland with a listing on Airbnb in 2020. Note the number of respondents differed with each set of questions with a range of 284 - 300 respondents.

[2] Airbnb internal data using data self-reported by Hosts.

[3] Estimated from Airbnb internal data.

[4] Oxford Economics 2020, *The Economic Impact of Airbnb in APAC: an independent report by Oxford Economics*, pp. 11-13. Figures in 2019 prices.

In addition to visitor spending, the home sharing economy is supporting the growth of ancillary services and the creation of local jobs — such as domestic cleaning, property management, and accounting services. In fact, this was facilitated by more than one in two Hosts (54 percent) on Airbnb in Australia who prefer to engage professional services to manage their listings and bookings.[5] Alongside jobs in restaurants, cafes, and retail shops, the combined value of wages paid to workers across Australia in 2019 was $3.9 billion, according to Oxford Economics research.[6]

Rebuilding the tourism economy
With the looming travel rebound, there is a real opportunity for Queensland to develop new tourism markets — and bolster existing ones — through progressive regulatory settings that get the balance right for Hosts, guests and the wider community.

To prepare for the future of travel, we have made over 100 innovations and upgrades across our entire service.[7] We expect a travel rebound unlike anything we have seen before, and we've made it easy for anyone who wants to host and take advantage of the coming travel surge. Half of new listings that were both activated and booked in early 2021 got a reservation request within four days, and the average annual earnings per Host who had welcomed at least one guest was USD$9,600.

Updates such as these will help everyday Queenslanders more easily transform their home into an income-generating engine that will also allow them to bring valuable tourism dollars to local businesses.

In January 2021, Airbnb released research which surveyed people in the United States. While this survey is of American consumers, we believe that these views are

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[5] Airbnb survey data. Survey conducted between 1st February 2021 and 3rd March 2021 on Hosts in Queensland with a listing on Airbnb in 2020. Note the number of respondents differed with each set of questions with a range of 284 - 300 respondents.

[6] Oxford Economics 2020, *The Economic Impact of Airbnb in APAC: an independent report by Oxford Economics*, p.9. Figures in 2019 prices.

[7] https://www.airbnb.com.au/2021.

representative of how people feel all around the world, with some of these key points resonating with experiences in Australia to lesser or greater degrees.

The report — titled from Isolation to Connection[8] — found that:

- People miss traveling
- They want to travel to connect with family and friends
- They are flexible on when and where they travel
- But, they want to travel nearby
- They want travel that is affordable
- They miss business travel the least
- Finally, they want to stay safe

Indeed, Tourism Research Australia (TRA) found that "the preference of Australians to travel with family and friends could also see people favour holiday homes over commercial accommodation. Visitors will feel they have more control over hygiene-related safety if they can preserve greater physical distances between themselves and other travellers."[9]

Airbnb data recently revealed a real dispersal of travel, with guests seeking out regional destinations both globally and in Australia. The percentage of rural nights booked in Australia jumped from 18% for winter 2019 to 42% in winter 2021, fueling a demand for rural listings and unique homes like farm stays. Interestingly families are leading the redistribution of travel, using homes for longer stays to live anywhere, together. Almost one in two Australians (47%) say that who they're with and what they do together is the most important factor when planning travel this year, according to Airbnb's new Report on Travel and Living.[10]

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[8] https://news.airbnb.com/2021-travel/.

[9] Tourism Research Australia 2020, *Moving Forward: The Role of Domestic Travel in Australia's Tourism Recovery*, p.7.

[10] https://news.airbnb.com/wp-content/uploads/sites/4/2021/05/Airbnb-Report-on-Travel-Living.pdf.

<u>Increasing the benefits of events tourism — resilience and innovation</u>
Throughout Queensland, the Airbnb community can help grow tourism through the creation of unique accommodation supply. The surge capacity, or elastic supply, which the Airbnb community can provide during major events — such as music festivals, sporting carnivals, business conferences, or agricultural exhibitions — presents opportunities for attracting and hosting major events in both cities and regional towns, and in turn supporting the recovery of tourism.

The power of STRA to support events showcases the power of innovation and technology to build community resilience. Before a major event rolls into town there is an opportunity to work with locals to expand the Airbnb community and secure accommodation supply for visitors — at the same time, this creates an economic dividend for local residents who benefit by hosting visitors in their homes.

Partnering with Airbnb can build a dynamic, growing visitor economy that is responsive to the desires of consumers, drives innovation and entrepreneurialism, increases capacity to deliver new or expanded major events, and benefits communities through sustainable tourism.

One example of how Airbnb has collaborated with event organisers in Queensland is Beef Week 2021 in Rockhampton. Our platform provided a way for the region to quickly meet demand for this important event. Festival-goers were able to quickly and easily find accommodation for Beef Week while locals were able to both earn a supplemental income from home sharing and help maximise the economic benefit of the event for businesses in their region.[11] Similarly, the recent State of Origin rugby league match rescheduled to be held in Townsville was a powerful example of how STRA can give regional areas an agile and flexible way to successfully host major events and meet demand at short notice. In this case, Airbnb partnered with Townsville Enterprise to highlight the opportunity for locals to earn additional income as well as help guests find a place to stay.[12]

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[11] https://www.airbnb.com.au/associates/408965.

[12] https://news.airbnb.com/en-au/townsvillians-encouraged-to-host-on-airbnb-as-league-fans-prepare-for-clash/.

Looking ahead, Airbnb has partnered with the 2021 Noosa Classic to work with locals on understanding the opportunity hosting on Airbnb provides to secure an economic dividend while simultaneously turbocharging the economic benefits for the Noosa region by opening up more accommodation for visitors during the event.[13]

Harnessing this elastic supply model is something which can become a playbook for other events, especially in regional Queensland where accommodation supply can be a challenge to maximising the benefits of events. Indeed, the elastic-supply STRA can provide for events is something which can improve the outcomes and maximise the impact for events resulting in a win-win-win scenario — a win for the guest, a win for the town, and a win for the Host.

Further, where the elastic supply of STRA can be included at the strategic planning stage of major event planning, governments can demonstrate the ability to accommodate visitors, economically empower their citizens as Hosts, and provide a sustainability dividend by avoiding material and emissions costs associated with construction of new accommodation supply. For example, the World Economic Forum found that for the Rio de Janeiro Olympic Games, more than 257 hotels would have been required to have been built to accommodate the 85,000 visitors who stayed on Airbnb during the 2016 Olympics. The report found that the "'elastic supply' that home sharing can provide offers significant benefits not only in terms of accommodation for visitors, but also in terms of material and emissions savings".[14]

Collaboration and partnership to future proof tourism
Airbnb has been at the forefront of driving the recovery of tourism across Queensland through partnerships to promote hosting on Airbnb and visitation to Queensland's most stunning destinations. We see increased collaboration and future partnership opportunities as the means to help maximise the success of Hosts on Airbnb to offer local, authentic, people-powered travel and creating attractive, resilient, and sustainable destinations.

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[13] https://www.airbnb.com.sg/d/noosaclassic2021.

[14] World Economic Forum 2016, Understanding the Sharing Economy, p.5.

For example, we are proud to have partnered with both the Queensland Farmers' Federation (QFF)[15] and Dairy Australia[16] in 2021 as part of a concerted effort to bring valuable tourism dollars to regional Queensland and help farmers diversify their income. Our partnership with the QFF aims to help boost tourism infrastructure in regional areas to drive economic recovery — including through developing world-class farm stays and exciting new Experiences that showcase the best of rural Australia. Building on our work with the QFF, we partnered with Dairy Australia to showcase the best of Australia's dairy industry and encourage visitation to actively support local dairy farmers, producers and communities, including the award-winning dairies found in Queensland's Sunshine Coast hinterland.

In 2020, we partnered with Tropical Tourism North Queensland[17] and Moreton Bay Region[18] to help bring new visitors to these regions and grow sustainable tourism into the future. These promotions helped drive the conversation with consumers to learn more about what these regions have to offer across both unique accommodations and Experiences on Airbnb.

Most recently, Airbnb is supporting the Queensland Department of Tourism, Innovation and Sport's 'Work in Paradise' program, which seeks to provide accommodation to hospitality and tourism workers in targeted regions throughout the state. This initiative is a sign of the power of partnership with the Queensland Government to deliver an innovative solution to match accommodations with visitors through Airbnb's platform and in doing so help to address a barrier to the recovery of the tourism sector more broadly.

As the task turns to rebuilding tourism, Airbnb — alongside the community of Hosts across Queensland — stands ready, willing and able to safely regrow the visitor economy and rebuild the thousands of local jobs in tourism in partnership with the

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[15] https://news.airbnb.com/en-au/airbnb-partners-with-farmer-industry-associations-to-grow-regional-tourism/.

[16] https://news.airbnb.com/en-au/airbnb-and-dairy-australia-invite-aussies-to-discover-dairy-destinations/.

[17] https://news.airbnb.com/en-au/airbnb-partners-with-tourism-tropical-north-queensland/.

[18] https://www.airbnb.com.au/d/makememoriesinmoretonbay.

Queensland Government. We welcome opportunities to continue partnering with destinations on ways to grow the visitor economy in regional Australia. Whether that's local councils, destination marketing organisations, or local event organisers, we are open to opportunities to collaborate so that the future of tourism is bright.

Regulatory Reform to unlock the potential of the STRA industry
By harnessing the underutilised spaces of people's homes across the country with progressive regulatory frameworks, STRA can provide vital accommodation capacity for communities and income for locals quickly — something traditional accommodation providers can't.

To help create jobs in the hospitality, retail, and transport sectors, and regrow the visitor economy, Airbnb has identified a number of targeted regulatory stimulus measures to unlock the full economic potential of the STRA sector — with many of them not costing a dollar. The key to establishing policy settings that boost economic growth and job creation is through simple, progressive, and easy to understand statewide rules that unlock opportunity in the home sharing economy.

Currently, the regulatory framework for STRA is a confusing and outdated legacy patchwork of rules that vary from local government area to local government area, and there is a clear need for reform to provide clarity and consistency across Queensland if the state is to realise its full potential. We recognise that many of the existing rules predate the current State Government, and present an opportunity for this Government to help grow Queensland's tourism sector into the future.

To position the state's visitor economy to capture the opportunity of post-pandemic travel, Airbnb suggests that the Queensland Government considers regulatory reform of the STRA sector by:
1. **Modernising statewide planning rules** to provide clarity and consistency across Queensland and remove local government red tape that strangles innovation and economic growth.
2. **Establishing a robust industry-wide Code of Conduct** to crack down on party houses and bad behaviour (for context, between July 1, 2019 and June 30, 2020, only 0.086% of trips on Airbnb globally included a safety issue reported by a Host or guest).

3. **Enabling responsible home sharing in strata** whilst also empowering strata communities to better manage STRA in their buildings via targeted policy settings to address isolated instances of disruptive behaviour.
4. **Creating a statewide data sharing framework** to help policy makers make the best decisions about home sharing and to help with enforcing new fit-for-purpose 21st century rules.

By adopting these measures, Queensland can re-shape the future of the visitor economy by unlocking the power of innovation, technology, and local Queenslanders to drive local, authentic and sustainable tourism powered by the community of Hosts on Airbnb. Airbnb believes these measures will enable the Queensland Government to establish the policy settings required to deliver positive outcomes for local jobs, the broader economy and a diverse group of stakeholders. Crucially, these reforms will enable STRA to grow the capacity of the state's tourism industry, ensuring that Queensland does not risk being left behind other states and losing valuable tourism dollars to visitor economies which have established progressive policy settings.

1. <u>Modern statewide planning rules</u>

As noted above, Queensland's STRA regulatory framework is dominated by a confused and confusing patchwork of legacy rules that vary council by council, and sometimes street by street. We recognise that many of these rules predate the current State Government. However, the rules, many of which were written well before the Internet existed, have not kept pace with innovation, the way people want to travel and use their homes today, and the growth of the digital economy, and pose a significant barrier to the future growth of home sharing. As such, there is a clear and compelling case for the Queensland Government to drive regulatory reform through modern, statewide planning rules for the benefit of all Queenslanders.

Airbnb proposes that STRA activity requires a sliding scale of regulation which recognises the different way in which Hosts share their homes.

The majority of Hosts on Airbnb in Queensland are everyday people occasionally using the home in which they live to more fully leverage what is typically their greatest expense in order to generate supplemental income. While holiday homes

are an integral and iconic part of Queensland's cultural and social history, having underpinned the visitor economies of many towns especially in the regions for decades. The rise of online platforms is an extension of this history, opening up new opportunities for visitors to have more choice when it comes to how and where they holiday.

Airbnb proposes that home sharing of a Host's primary home should be covered by a statewide "home sharing exemption", which establishes STRA as an ancillary use of a dwelling with no restrictions, and which requires no additional planning permission, such as development approval, registration, or a permit.

For non-primary homes, such as a holiday home, Airbnb calls for:
- A statewide standard approach for defining STRA activity in a non-primary home as ancillary use with streamlined safety benchmarks;
- A toolkit for local councils, based on achieving objective policy goals, to set thresholds, if required, to manage STRA activity in non-primary homes within the statewide standard approach; and
- A simple, online, and cost-effective statewide compliance certificate system for non-primary homes.

2. A robust industry-wide Code of Conduct

Overwhelmingly, the vast majority of Airbnb Hosts and guests experience safe and enjoyable stays. Queensland is home to some of the most hospitable Hosts in the world, with an average Host rating of 4.8 out of 5 and in 2020, one in five Hosts were recognised for their hospitality by achieving Supershost status as one of Airbnb's top-rated and most experienced Hosts.[19] Safety incidents are extremely rare on Airbnb and our team continues to work diligently to make them even rarer. Between July 1, 2019 and June 30, 2020, only 0.086% of trips on Airbnb globally included a safety issue reported by a Host or guest.[20]

With that said, communities need to have faith that if something does go wrong, there is a way to have their voice heard regardless of the platform in question and for

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[19] Airbnb internal data.

[20] Airbnb internal data.

swift action to be taken against those who disturb neighbours and violate the trust of the community. Airbnb's community standards require guests to behave in a manner that's respectful of the neighbourhoods in which they're staying and those who willfully fail to adhere to our policies face removal from our platform. However, there is more that can be done from a sector-wide perspective.

Queensland's "party-house" regulations set a nation-leading standard when established in 2015. Since, developments in other jurisdictions have enhanced the approach to crackdown on party houses originally pioneered by Queensland with more robust policy provisions. For example, NSW has created a Code of Conduct for the Short-term Rental Accommodation Industry which establishes rights and obligations for Hosts, guests, letting agents, and booking platforms. The benefit of such an approach is that it encompasses all industry participants, helping to address the problem of bad behaviour comprehensively. Crucially, the NSW Code of Conduct includes an Exclusion Register and places obligations upon booking platforms to not allow bookings for problem properties or guests. Contravention of the NSW Code of Conduct attracts large penalties.

It's important to note here that Airbnb continues to enforce our global ban on parties.[21] We also continue to proactively and collaboratively work with police, take action against guests and Hosts who breach our policies, and invest in measures such as our high-risk reservation screening system.

We also recently launched our Neighbour Support Line in Australia, which allows neighbours to request a call from a specialised support agent and makes it even easier for people to raise any issues with our rapid response team that may arise with nearby listings. Our Host Guarantee[22] and Host Protection Insurance[23] programs also aim to provide Hosts — as well as neighbours — with added peace of mind.

Airbnb calls for the creation of an industry-wide mandatory "three-strikes" Code of Conduct. The Code would:

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[21] https://www.airbnb.com.au/help/article/2704/party-and-events-policy.

[22] https://www.airbnb.com.au/d/guarantee.

[23] https://www.airbnb.com.au/d/host-protection-insurance.

- Protect neighbourhood and community amenity by addressing the rare and isolated incidences of anti-social behaviour that do occur across platforms;
- Allow for the banning of listings, guests and Hosts that egregiously violate the Code; and
- Support responsible home sharing and allow the industry to grow sustainably.

3. <u>Responsible home sharing in strata</u>

With reference to strata schemes, Airbnb understands the need to address the local nuances of strata communities. At the same time, irrespective of whether that home is a house, an apartment, or a townhouse, many Hosts in Queensland rely upon their ability to share their home as an economic lifeline.

As such, Airbnb strongly believes that the power for an owners corporation to prohibit STRA would be unfair and inequitable. Those Queenslanders who live in strata buildings, through economic or other circumstances, should not have any less right to share their own homes than those who live in freestanding houses.

Airbnb believes that regulatory reform in this space requires both:
- A clear framework that enshrines the choice to share your home responsibly and respectfully in order to support property owners; and
- A framework that empowers strata communities to address amenity issues.

A clear framework that enshrines the choice to share your home responsibly and respectfully — whether that home be a house, apartment, or townhouse — would ensure that the benefits of innovation and the home sharing economy can be maximised and realised by all Queenslanders. Such a framework would ensure protections from unnecessarily harsh by-laws or broadscale prohibitions for property owners to use their space for STRA, so long as their hosting activity is respectful and responsible.

At the same time, a framework that empowers strata communities to address amenity issues — such as enabling strata to ensure that strata by-laws are adhered to by STRA guests, as well owner-occupiers and long-term tenants — would ensure that local nuances are respected and the benefits of home sharing are preserved for both Hosts and the broader community. Whether the person is an owner-occupier, tenant,

or guest, by-laws that set expectations around behaviour should be respected and enforced. A Code of Conduct as described above would provide a targeted approach to enable responsible home sharing and mete out penalties on guests who disrupt the harmony of strata living.

4. A statewide data sharing framework

To help policy makers make the best decisions about home sharing and to help with enforcing new fit-for-purpose 21st century rules, Airbnb supports the creation of a statewide data sharing framework.

It's envisioned that this framework will:
- Integrate with a statewide STRA planning framework and provide policy makers with the best possible information to increase understanding of home sharing and measure the success of policies implemented;
- Drive compliance with new STRA rules; and
- Apply across the whole STRA industry – with adequate safeguards to protect privacy.

Conclusion

Tourism is a crucial and resilient part of the economy and the path ahead to create new and lasting jobs will require forward-looking regulatory reform and innovative thinking.

Airbnb is committed to working with the Queensland Government to develop policy settings and initiatives that deliver positive outcomes for local jobs, help drive the recovery and continued growth of the tourism economy, and address the needs of the wider community. Fundamentally, we want to ensure that as tourism recovers in Queensland, local people and the communities they live in are the primary beneficiaries. Airbnb's local, authentic, people-powered travel ensures that as more people travel, more people can harness the benefits.

Airbnb will continue to follow the work of the Tourism Industry Reference Panel and we look forward to the upcoming roundtable consultations. Additionally, I would be pleased to further discuss these issues and engage in discussions to provide

additional information to assist the Panel's deliberations on how Airbnb and STRA can position the tourism industry for success into the future.

Yours sincerely,

Derek Nolan
Head of Public Policy, AU & NZ
Airbnb

THE ECONOMIC IMPACT OF AIRBNB IN AUSTRALIA

AN INDEPENDENT REPORT BY OXFORD ECONOMICS

AUGUST 2020

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The Economic Impact of Airbnb in Australia

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GLOSSARY OF TERMS

Airbnb guest: An individual who stays at least one night in an Airbnb unit. Domestic guests seek accommodation in their own country or region. International guests have travelled from outside the host country or region.

Airbnb host: An individual or business that lists an accommodation unit, whether a private or shared space, for rent on the Airbnb platform.

APAC: The Asia-Pacific region. In this study, we assess the impact of Airbnb 13 individual economies in the Asia-Pacific region[1], and estimate its impact in the "rest of APAC". Our assessment excludes Airbnb's impact in mainland China.

Rest of APAC: Refers to 39 additional countries and regions in the APAC region that are aggregated together for the purpose of this study. These are listed in the Appendix.

Guest spending: The amount spent by Airbnb guests during their trip to a country or region. This comprises their spending on the rental of Airbnb accommodations (including the hosts' earnings and Airbnb's revenue, but excluding sales and/or accommodation taxes), their "on the-ground spending" at local restaurants and shops and on activities and local transportation, plus a portion of the estimated cost of their transportation to and from the rental unit while within the destination country or

region. For the purpose of this study, guest spending by accommodation guests includes spending on Airbnb Experiences. Spending on Airbnb Experiences by customers that are not accommodation guests is not counted.

Host capital investment: The portion of spending by Airbnb hosts to construct, improve, or enhance their rental unit that represents Airbnb-related activity.

Host earnings: The portion of guest spending on the rental of Airbnb accommodations that is received by the host (individual or business renting the unit).

Listings: Number of units available for rent on the Airbnb platform.

Total tourism spending: Spending within a country or region on travel and tourism by residents and non-residents for business and leisure purposes.

Travel and tourism (also simply referred to as tourism): "The activity of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business, and other purposes not remunerated from within the place visited".[2]

1. INTRODUCTION

Oxford Economics was commissioned by Airbnb to explore the economic impact of Airbnb's expanding footprint across the APAC region. In this first-of-its-kind study, we analysed five years of economic activity stimulated by the Airbnb platform across 13 APAC countries and regions.

Our analysis was conducted in early 2020, in the midst of a tumultuous period for the travel and tourism sector in APAC and around the world, owing to the coronavirus pandemic. Although the context for travel and tourism has shifted dramatically in 2020, this study now provides a useful evidence base to inform debate about the sector's recovery.

The latest data we used were from 2019, prior to the initial outbreak of the virus, and they reveal the growing economic impact Airbnb had between 2015 and 2019. These findings are indicative of longer-term trends in the region that we expect to be applicable in future years. We end this report by considering the future of travel in APAC and the role that Airbnb plays in the sector.

1.1 HOW DOES AIRBNB CONTRIBUTE TO THE APAC ECONOMY?

Airbnb is an online platform that enables hosts to connect with tourists and travellers, and provide them with local places to stay and things to do, within a global marketplace. From the perspective of a local economy, Airbnb (i) attracts tourists with spending power to an area, and (ii) provides income to local hosts who, through their own spending, stimulate further economic activity.

To understand the channels through which Airbnb contributes to the economies of APAC, our starting point is the spending that takes place in the travel destination.

1.1.1 Guest spending:

- Spending on rentals: Based on Airbnb data, we quantified the total expenditure on rental accommodation made by Airbnb guests across APAC in each year of the study.
- Ancillary tourism spending: In addition to rental expenditure, Airbnb guests typically spend money to arrive at their destination, and then (for example) to get around the host city, to dine out and entertain themselves, and to go shopping and engage in other tourism activities. We leveraged detailed Airbnb data on guest activity, and modelled transportation costs, to quantify this annual spending, and its distribution across different industries.

1.1.2 Host spending:

- Capital investment by hosts: Airbnb hosts make investments to renovate, expand or build new rental accommodations. We estimated this spending channel in proportion to rental revenue.
- Spending of host earnings: Aside from capital investments, hosts spend a portion of their Airbnb rental income on operational costs such as cleaning and household supplies. In addition, after estimating a savings rate, we also estimate the leftover share of host earnings that were spent in the local economy each year.

We fed detailed data on Airbnb guest volumes and spending patterns into Oxford Economics' Global Economic Impact Model, to quantify the economic contribution that Airbnb makes in APAC's tourism sectors and their supply chains. For more information on our modelling approach, see the Explainer Box.

[1] Australia, Hong Kong SAR, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam.

[2] Tourism Satellite Account: Recommended Methodological Framework 2008. (2010). Luxembourg: Commission of the European Communities, Eurostat.

EXPLAINER BOX: CALCULATING THE TOTAL ECONOMIC IMPACT OF AIRBNB

To quantify the impact that Airbnb business has on a given community, we use a standard means of analysis called an economic impact assessment. This involves quantifying the total expenditure made by Airbnb guests and hosts in the destination economy, and estimating three types of economic activity it stimulates (also summarised in Fig. 9).

Direct impact relates to the value added by Airbnb hosts and other businesses in facilitating Airbnb guests' stay, including from the capital investment made by Airbnb hosts on their rental units.

Indirect impact is the economic activity and employment stimulated along the supply chain that supports those front-line businesses.

Induced impact comprises the wider economic benefits that arise from the payments of wages to the employees of businesses serving Airbnb guests, and other businesses in their supply chain. It also includes the share of Airbnb host income that is spent in the local economy. In our analysis, we also include the economic activity stimulated in the supply chains of these retail, leisure and other outlets.

The sum of these channels captures the four spending components identified in the previous chapter, from Airbnb guests and hosts, and amounts to the total economic impact of Airbnb. The results are presented on a gross basis. They therefore ignore any displacement of activity from Airbnb's competitors as well as what the second most productive use of those resources would have been. Airbnb's economic contribution is measured using three metrics:

GDP—or more specifically, the gross value added (GVA) contribution to GDP[3]. This is defined as the value of the output produced, minus the expenditure on inputs of bought-in goods and services used up in the production of that output.

Employment measured on a headcount basis.

Wages earned by those employees over the course of the year.

Fig.1: Schematic of Airbnb's contribution to the APAC economy
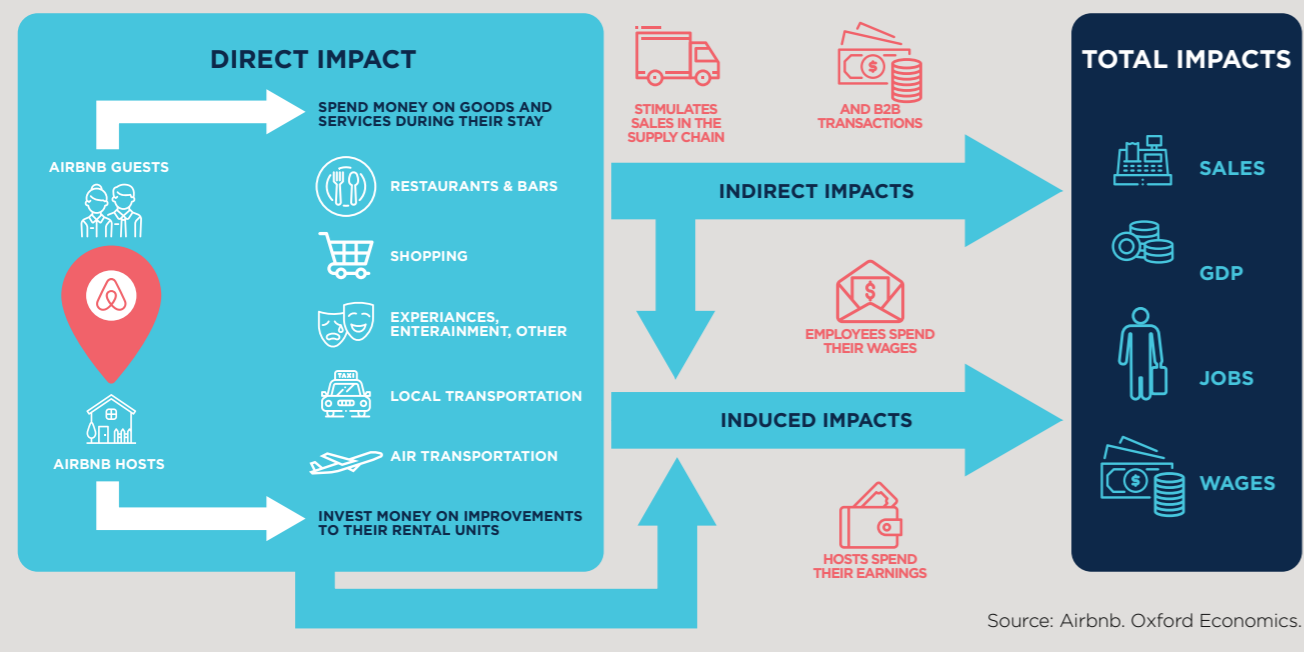
Source: Airbnb. Oxford Economics.

2. AIRBNB'S IMPACT IN AUSTRALIA

Airbnb guests spent more in Australia in 2019 than in any of the other countries and regions analysed in this APAC study, totalling USD 6.0 billion. Airbnb's popularity in Australia had been rising in the years prior to the disruption caused by the coronavirus outbreak. This was despite moderate to decelerating growth in the country's broader tourism sector. The rate of expansion in Australian tourism spending slowed during the past three years to a 1.5% per year, on average, after a period of 4.7% annualized growth between 2011 to 2016.

In total, tourism's contribution to the Australian economy was equivalent to 10.8% of Australia's GDP and 12.8% of employment in 2019, according to WTTC estimates.[4]

The rate of growth in Australia's tourism sector lagged that of APAC over the past 10 years. This was in part due to slower domestic tourism growth in Australia's more mature economy, compared with the rapid expansion of APAC's middle class in its large, emerging markets. Also, during this period, emerging destinations in the APAC region including resort areas in Indonesia, Thailand and Vietnam, matured and became more competitive, and growth in international tourism inbound to Australia slowed. Overall, Australia's share of international visitor spending in APAC declined 2.5 percentage points in the decade following 2009, to 6.0% in 2019.

The pre-existing trends in Australian tourism and the complications of reopening the tourism sector to visitors, post-coronavirus, plus mounting competitive pressures, call for renewed focus on Australia's tourism sector and will require new, innovative offerings to appeal to travellers, such as Airbnb.

2.1 AIRBNB TOURISM FLOWS

In 2019, around three-quarters of Airbnb guests in Australia were domestic Australian visitors. International visitors made up 24% of the total, with half of these coming from Asia. A further 6% came from Europe, with 4% from North America.

The number of inbound guests from mainland China has grown particularly rapidly, such that mainland China was Australia's second largest origin market in 2019, after the United States. Other APAC origin markets, such as New Zealand and Singapore accounted for significant inbound growth via the Airbnb platform in the five years to 2019. Growth in Airbnb guests from Europe was also strong, led by the United Kingdom, Germany and France.

Fig. 2: Airbnb guests staying in Australia by origin, 2019

	2019
Share of Airbnb guests	
Domestic	76%
International	24%
Asia	12%
Europe	6%
North America	4%
Middle East, Africa, other	1%

Source: Airbnb. Oxford Economics.

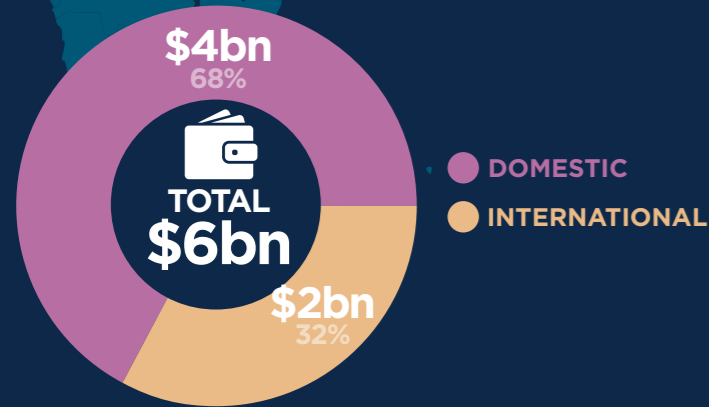**Fig. 3: Top 10 origin markets of Airbnb guests staying in Australia, 2019**

Rank	Origin	Share of international
1	United States	15%
2	Mainland China	14%
3	United Kingdom	11%
4	Singapore	10%
5	New Zealand	7%
6	Malaysia	5%
7	Germany	4%
8	Hong Kong SAR	4%
9	Canada	4%
10	France	3%

Source: Airbnb. Oxford Economics.

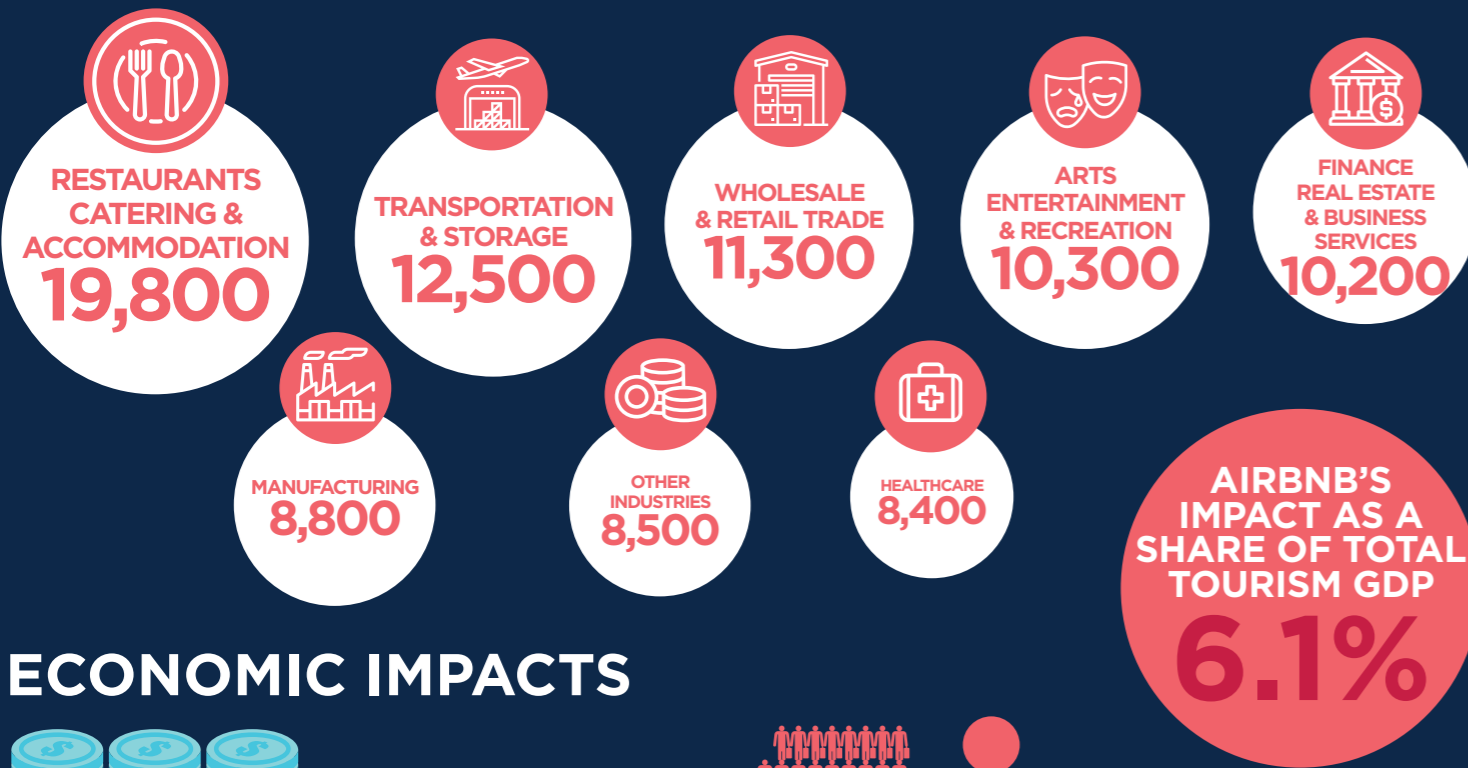[3] GDP equals the sum of GVA and taxes minus subsidies on production.

[4] The total contribution of travel and tourism reported by WTTC refers to the direct contribution, jobs and GDP generated in industries such as hotels, airlines and restaurants directly by visitor spending, as well as the wider effects from investment, the supply chain and induced income impacts.

AIRBNB IN AUSTRALIA

GUEST SPENDING IN 2019

$4bn
68%

TOTAL
$6bn

$2bn
32%

● DOMESTIC
● INTERNATIONAL

JOBS SUPPORTED BY GUEST SPENDING, BY INDUSTRY*

RESTAURANTS CATERING & ACCOMMODATION
19,800

TRANSPORTATION & STORAGE
12,500

WHOLESALE & RETAIL TRADE
11,300

ARTS ENTERTAINMENT & RECREATION
10,300

FINANCE REAL ESTATE & BUSINESS SERVICES
10,200

MANUFACTURING
8,800

OTHER INDUSTRIES
8,500

HEALTHCARE
8,400

AIRBNB'S IMPACT AS A SHARE OF TOTAL TOURISM GDP
6.1%

ECONOMIC IMPACTS

TOTAL GDP CONTRIBUTION:
$7.2bn

TOTAL JOBS SUPPORTED:
89,600

ALL DATA FOR 2019 IN USD. *FIGURES MAY NOT SUM TO TOTALS DUE TO ROUNDING.

2.2 AIRBNB GUEST SPENDING IN AUSTRALIA

In aggregate, Airbnb guests spent more in Australia in 2019 than in any of the other APAC countries and regions analysed for this study. To put this in perspective, the USD 6.0 billion Airbnb guest expenditure in Australia represented 6.0% of the country's total tourism spending in 2019.

Our analysis of guest spending consists of two parts. First is the amount spent by guests on accommodations booked with Airbnb hosts through the Airbnb platform. The second component is the wider ancillary spending Airbnb guests engage in during their stay. We analysed Airbnb guest spending patterns to understand the spending ratios specific to Australia.

A significant majority of Airbnb guest spending in Australia came on top of their accommodation spending. Airbnb guest's spending footprint in Australia is distributed in a broadly similar fashion to that of the whole of APAC, however there are some differences. Spending on shopping, activities and other small spending items accounted for USD 40 of every USD 100 of non-accommodation spending, USD 2 less than the regional average. Restaurants in Australia benefitted a little more than average, receiving USD 28 of every USD 100
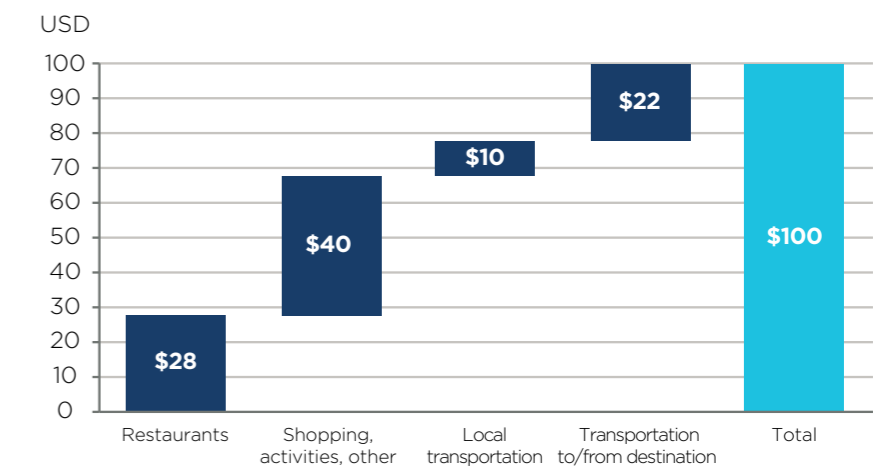
spent, compared to USD 24 for the whole of APAC.

The typical Airbnb guest in Australia spent USD 664 during his or her trip in 2019, which included spending on the Airbnb rental as well as purchases from local businesses, such as restaurants, retail stores and transportation. Based on our analysis of the distance travelled by inbound Airbnb guests, we estimate that the typical international Airbnb guest spent USD 902 during their trip, as compared with USD 589 spent by the typical domestic guest.

$6.0bn

Spending by Airbnb guests in Australia in 2019.

Fig. 4: Distribution of Airbnb non-accommodation guest spending by category, Australia 2019

USD

100				
90			$22	
80				
70		$10		
60				
50	$40			
40				$100
30				
20	$28			
10				
0				

Restaurants · Shopping, activities, other · Local transportation · Transportation to/from destination · Total

Source: Airbnb. Oxford Economics.

2.2.1 International and domestic guest patterns

The Airbnb platform is particularly powerful in attracting international visitors. In Australia, we estimate that international guests accounted for 32% of total Airbnb guest spending (USD1.9 billion) in 2019, based on analysis of Airbnb guest activity by origin (Fig. 16). This compares with the 22% share of total tourism spending that is accounted for by international visitors, according to WTTC[5]. The large scale of international expenditure on Australia's tourism exports via Airbnb, plus the unknown quantity of Australian travellers persuaded to spend their holiday budgets at home, rather than abroad, represents an important contribution to Australia's trade balance.

The increased popularity of Airbnb among domestic travellers is central to its expanding scope. Spending by domestic Airbnb guests accounted for 68% of total Airbnb guest spend in Australia in 2019.

Fig. 5: Airbnb guest spending breakdown, by origin market (USD billions, 2019)

- Domestic
- Asia
- Europe
- North America and other

$0.4
$0.5
$1.0
$4.1
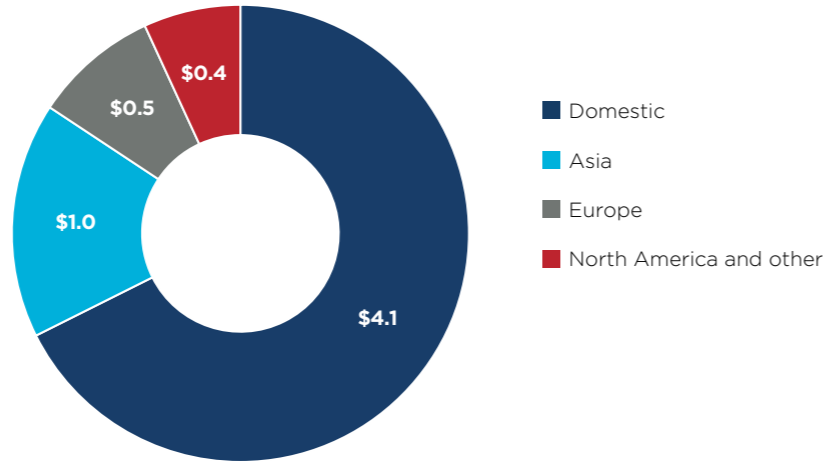
Source: Airbnb. Oxford Economics.

2.3 AIRBNB HOST SPENDING IN AUSTRALIA

Guest spending accounted for the vast majority of business activity associated with Airbnb, but the hosts also leave a considerable economic footprint themselves.

As a reminder of our modelling approach, we assume hosts save a portion of their earnings and spend the remaining amount in three ways:[6] capital investments to improve or enhance their rental units; operational costs on such expenses as unit cleaning services, utilities, etc.; and discretionary spend in the local economy.

The combined spending of guests and hosts flowing from the Airbnb rental stimulates a large and complex chain of additional activity in the Australian economy. We went on to model that wider economic impact

2.4 AIRBNB'S ECONOMIC FOOTPRINT IN AUSTRALIA

Our analysis suggests that **Airbnb contributed USD 7.2 billion to Australian GDP in 2019, equivalent to 0.52% of total GDP.** That includes the economic activity stimulated directly in service of tourism spending, indirectly via the domestic supply chain, and that which is further induced by associated expenditure of wages and host earnings in the economy.

The economic activity stimulated by Airbnb business supported an estimated 89,600 jobs across the economy in 2019, which was 0.7% of total Australian employment. In 2019 alone, some USD 2.7 billion were paid in wages and salaries to these workers. Airbnb's rapid expansion in the Australian market means an estimated 72,600 more jobs were supported by Airbnb in 2019 than five years prior.
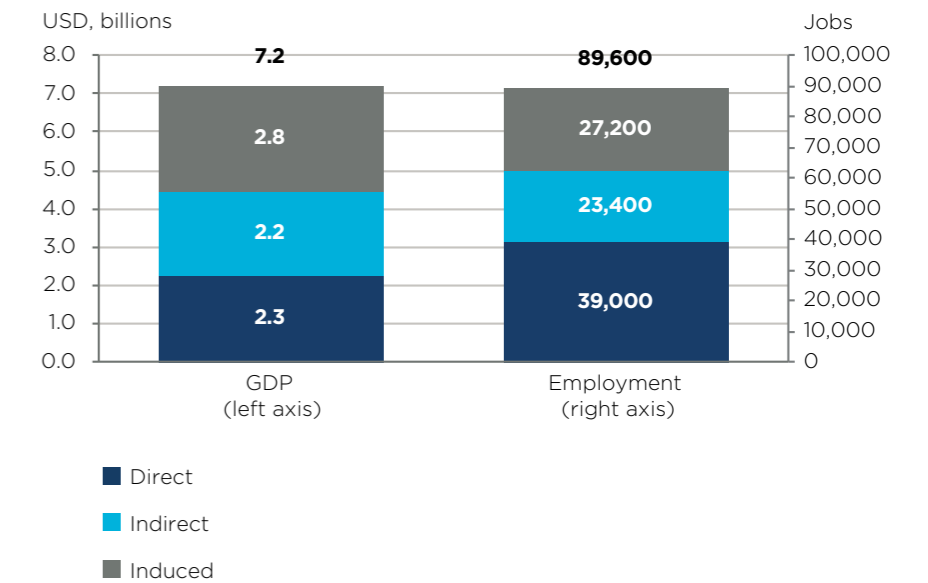
Airbnb's importance in the Australian tourism industry is illustrated by its share of the industry's contribution to GDP and employment, which we analyse based on

$7.2bn

Total economic impact of Airbnb in Australia, 2019.

WTTC estimates. In 2019, the activities of Airbnb, its guests and its hosts were responsible for 6.1% of the total tourism contribution to GDP and 6.6% of the employment contribution. This represents one in every 15 jobs that was generated by tourism in Australia in 2019.

Fig. 6: Airbnb's economic impact in Australia, 2019

USD, billions

Jobs

	GDP (left axis)	Employment (right axis)
Induced	2.8	27,200
Indirect	2.2	23,400
Direct	2.3	39,000

7.2

89,600

- Direct
- Indirect
- Induced

Source: Airbnb. Oxford Economics.

[5] World Travel & Tourism Council (WTTC). Travel & Tourism Economic Impact, from https://www.wttc.org/economic-impact/

[6] Of the spending by hosts, only capital investment is considered a direct effect. The other forms of host spending represent indirect and induced effects and have been modelled separately to avoid double-counting.

6.1%

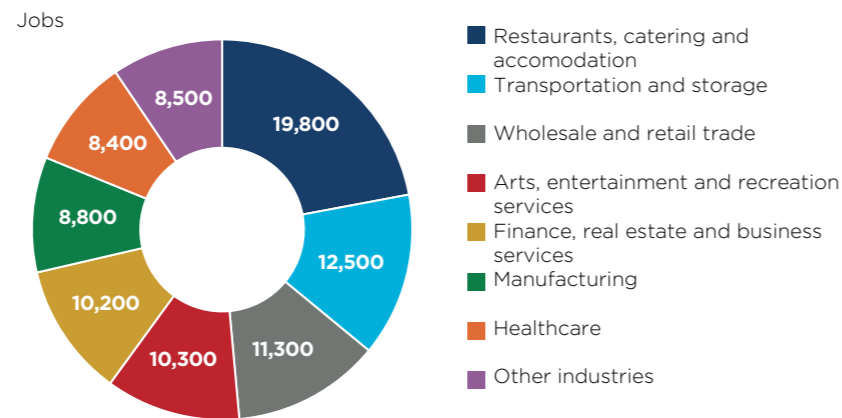**Airbnb's share of total tourism contribution to GDP in Australia, 2019.**

The core tourism sectors – including restaurants, retail outlets and transport providers – account for the majority of Airbnb's direct economic impact in Australia. These are the front-line businesses providing goods and services to Airbnb guests during their stay.

In 2019, Airbnb's total footprint supported around 19,800 jobs in the restaurants and accommodation sector; 12,500 in the transportation and storage sector; and a further 11,300 in wholesale and retail. Together these sectors accounted for more than half of the 89,600 jobs Airbnb supported.

Airbnb's impact also spills over significantly into other sectors of the economy. We estimate that, outside the core tourism sectors, around 8,800 jobs were supported in manufacturing, as Australian businesses produced goods to facilitate the large tourism demand. A further 18,700 were supported in service sectors such as healthcare and arts and entertainment. These sectors benefited from being in the tourism sector's supply chain as well as from the induced effects of wage expenditure associated with Airbnb.

Fig. 7: Jobs supported by Airbnb in Australia, by sector, 2019

Jobs

- Restaurants, catering and accomodation — 19,800
- Transportation and storage — 12,500
- Wholesale and retail trade — 11,300
- Arts, entertainment and recreation services — 10,300
- Finance, real estate and business services — 10,200
- Manufacturing — 8,800
- Healthcare — 8,400
- Other industries — 8,500

Source: Airbnb. Oxford Economics. Figures may not sum to totals due to rounding.

2.5 AIRBNB'S IMPACT IN AUSTRALIAN STATES AND CITIES

Across the cities and states of Australia, the importance of tourism and the role Airbnb plays in it has been on the rise in the years preceding the coronavirus outbreak, but it varies substantially from region to region.

More than 80% of Airbnb expenditure in Australia in 2019 took place in the three largest states: New South Wales, where Sydney tops the rankings as Australia's largest city-recipient of Airbnb spending; Victoria, home to Australia's second Airbnb city, Melbourne; and Queensland, with famous tourism hotspots including Brisbane, Gold Coast, Sunshine Coast.

Fig. 8: Airbnb guest spending by Australian states and cities, 2019, USD millions

	Guest spending
Australia states and territories	**$6,006.00**
Australian Capital Territory	$79.00
New South Wales	$2,189.70
Northern Territory	$28.80
Queensland	$1,145.10
South Australia	$250.20
Tasmania	$260.30
Victoria	$1,593.70
Western Australia	$459.20
Australia cities and regions	
Australia's South West	$154.50
Brisbane	$194.30
Cairns	$74.80
Gold Coast	$199.70
Hobart	$83.20
Melbourne	$660.50
Perth	$133.00
Sunshine Coast	$231.20
Sydney	$860.60
Townsville	$23.90

Source: Airbnb. Oxford Economics.

2.5.1 Airbnb's economic impact at the sub-national level

We constructed sub-national economic impact models at the state and city level in Australia to explore how Airbnb's economic footprint manifests itself in different local economies. In keeping with the footprint of Airbnb guest spending, the largest economic impact by state was in New South Wales, where Airbnb guests supported a USD 2.9 billion contribution to GDP in 2019, and more than 33,790 jobs. This was followed by Victoria, with a USD 2.0 billion GDP contribution and 26,000 jobs, and Queensland with a USD 1.3 billion GDP contribution and 16,500 jobs.

A full breakdown of the GVA and jobs impacts in 2019 are presented in Fig. 9.

Whilst the largest direct economic impacts map closely to the location of Airbnb guest spending, the distribution of indirect and induced effects is more complex, reflecting the structure of supply chains that serve the tourism sector of Australia. Similarly, the induced effects of wage expenditures are weighted towards the location of workers in the supply chain, and thus prove disproportionately larger in the states of New South Wales, Queensland and Victoria than the rest.

Airbnb's impact was felt far beyond the major cities and tourism hotspots in 2019.

In New South Wales and Victoria, for example, Sydney and Melbourne accounted for only one third of Airbnb's total economic impact. The rest was distributed outside the state capital destinations. In Queensland, some 60% of Airbnb's economic impact fell outside the major tourism hotspots of Brisbane, Sunshine Coast, Gold Coast, Cairns and Townsville; a share that grew between 2015 and 2019.

The geographical distribution of Airbnb's economic impact in Australia has shifted in recent years, owing in part to the rapid growth of the platform and the rebalancing of the Airbnb community towards domestic guests. The two largest states, New South Wales and Victoria, whilst enjoying dramatic growth in Airbnb guest spending, saw their share of Airbnb's total economic impact in Australia fall. This was at the expense of rising shares for Queensland, where Airbnb listings in popular tourist areas such as Gold Coast and Sunshine Coast are rising quickly. Traditionally smaller markets such as South Australia, Tasmania, the Northern Territory and the Australian Capital Territory have become increasingly significant.

Fig. 9: Airbnb contributions to GDP and employment in different Australian states, territories and cities, 2019
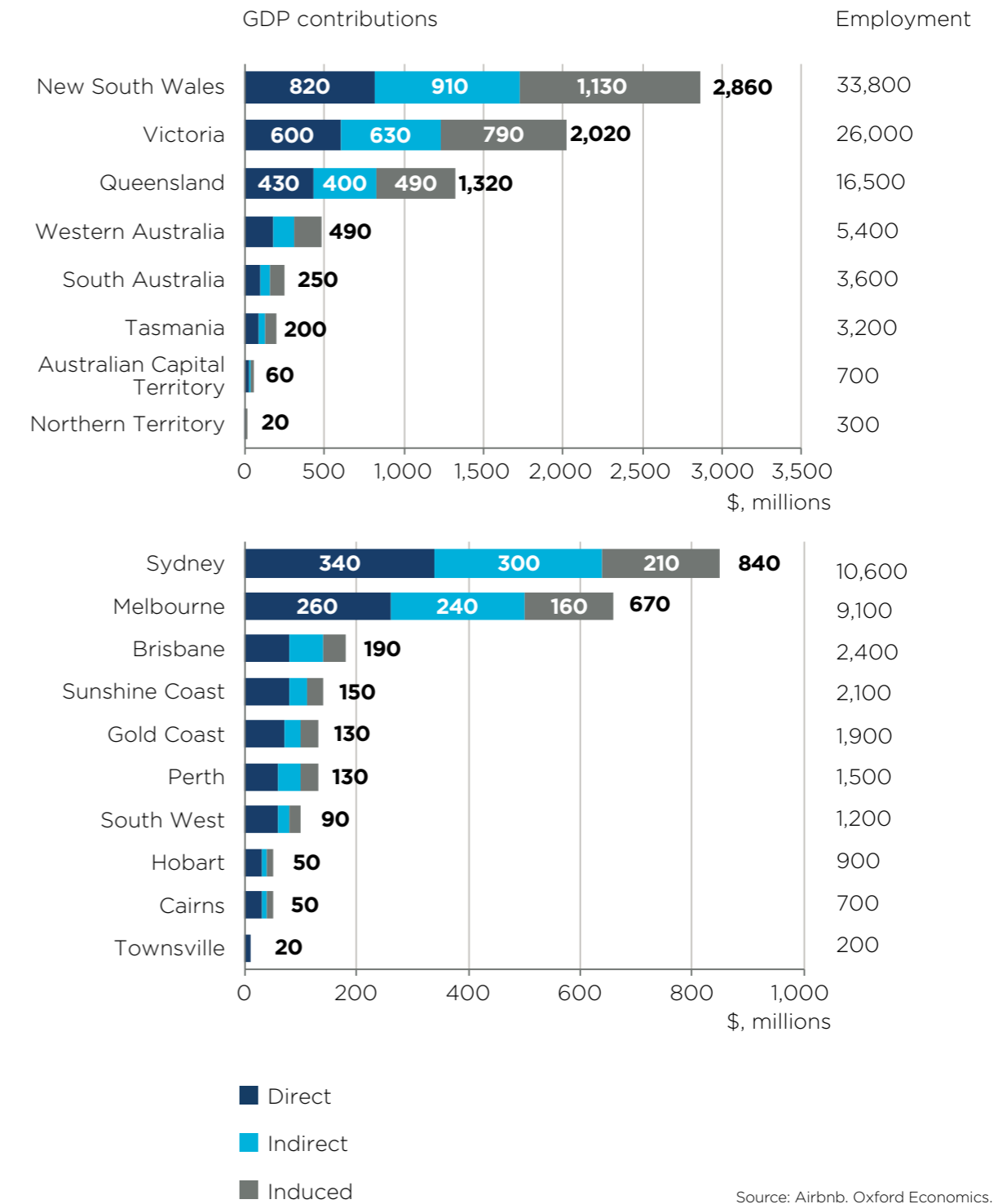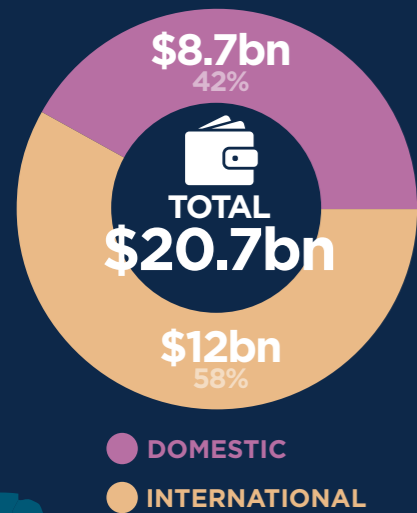

Source: Airbnb. Oxford Economics.

AIRBNB ACROSS THE APAC REGION

JOBS SUPPORTED BY GUEST SPENDING, BY INDUSTRY**

GUEST SPENDING IN 2019

$8.7bn
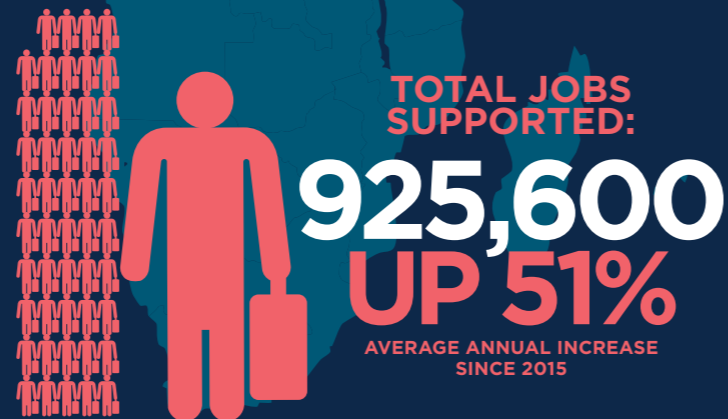42%

TOTAL
$20.7bn

$12bn
58%

- DOMESTIC
- INTERNATIONAL

UP 57%
ON AVERAGE EACH YEAR SINCE 2015

4.2 TIMES
MORE THAN 2015, IN REAL TERMS

AIRBNB'S IMPACT AS A SHARE OF TOTAL TOURISM GDP*
2.1%

TOTAL ECONOMIC IMPACTS

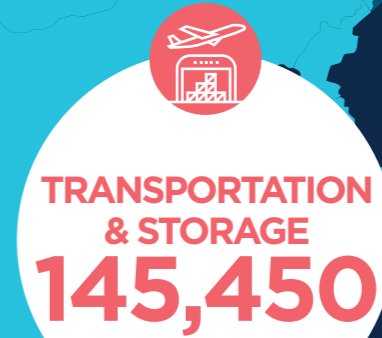TOTAL GDP CONTRIBUTION:
$22.7bn
UP 41%
AVERAGE ANNUAL INCREASE SINCE 2015

TOTAL JOBS SUPPORTED:
925,600
UP 51%
AVERAGE ANNUAL INCREASE SINCE 2015

TOTAL WAGES SUPPORTED
$6.8bn

RESTAURANTS CATERING & ACCOMMODATION
165,320

TRANSPORTATION & STORAGE
145,450

AGRICULTURE FORESTRY & FISHING
145,030

WHOLESALE & RETAIL TRADE
126,230

ARTS ENTERTAINMENT & RECREATION
105,250

MANUFACTURING
77,030

OTHER INDUSTRIES
54,410

FINANCE REAL ESTATE & BUSINESS SERVICES
45,330

ALL DATA FOR 2019 IN USD. *AS ESTIMATED BY WORLD TRAVEL AND TOURISM COUNCIL. **FIGURES MAY NOT SUM TO TOTALS DUE TO ROUNDING. REGIONAL TOTALS INCLUDE ALL COUNTRIES IN APAC EXCEPT MAINLAND CHINA.

3. THE FUTURE OF TRAVEL IN APAC, AND AIRBNB'S ROLE IN ITS RECOVERY

This report set out to deepen understanding of trends in tourism flows and traveller behaviours in the years immediately prior to the onset of the coronavirus pandemic. In this concluding chapter, we turn our focus to the future and, in particular, the critical role that Airbnb can play in the recovery of the tourism industry across the APAC region.

In addition to the official restrictions imposed on travel between and within countries and regions, the coronavirus pandemic has depressed traveller sentiment while also hitting households with both wage and wealth losses. These factors, along with additional supply-side reactions such as event cancellations, are contributing to a significant reduction in visitor numbers in 2020 and potentially also in subsequent years.

There remains a high level of uncertainty, however, around the precise scale and duration of the downturn and what shape and pace the recovery will take. Tourism Economics, the specialist subsidiary of Oxford Economics, has therefore developed a series of alternative forecasts, including best-case and worst-case scenarios, to reflect a plausible range of outcomes from this crisis— illustrated in the charts below and overleaf.

3.1 INTERNATIONAL AND DOMESTIC VISITOR FORECASTS

In Tourism Economics' best-case scenario, we consider a sharp and "v-shaped" recovery for the APAC region, in the second half of 2020, with international arrivals returning to pre-crisis levels in 2022. In our worst-case scenario, the recovery is more prolonged and "u-shaped"—with travel restrictions lasting well into 2021 and visitor arrivals not expected to recover to 2019 levels until 2025.

**Fig.10: Asia Pacific visitor arrivals, best- and worst-case scenarios**

Index, 2019=100
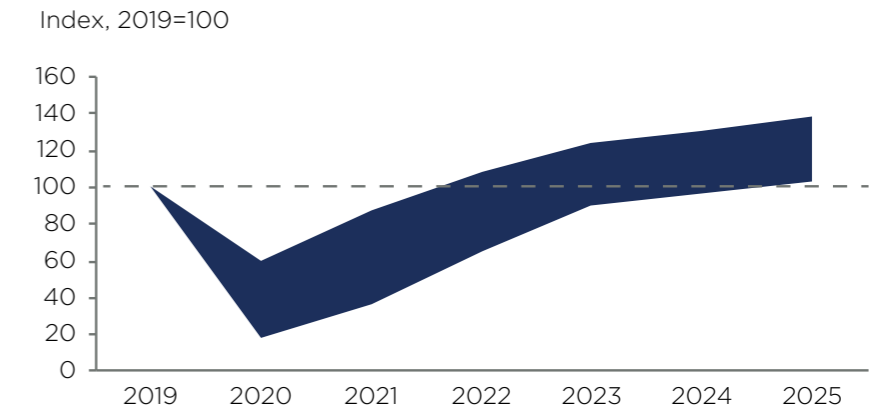
Source: Tourism Economics. *Scenarios produced in May 2020

Industry observers generally expect domestic visitor numbers in the APAC region to fall by less and recover faster than international arrivals. As countries and regions recover from the pandemic at different rates, restrictions on domestic travel are likely to be lifted sooner than international restrictions, while some travellers will prefer to take a domestic break instead of an international trip to save costs or allay safety concerns.

We expect domestic visitation levels to fall between 24% and 63% in 2020. However, we project year-on-year growth in 2021 and, in our best-case scenario, 2019 levels may be restored that year. Alternatively, under our worst-case assumptions, visits may not fully recover to 2019 levels until 2023.

The precise shape and pace of recovery depends, of course, on what actions governments, businesses, and individuals take in response to the crisis—and these may vary widely across APAC countries and regions. Depressed traveller sentiment and slower economic growth create drags on the sector's recovery even after travel restrictions have abated. There may also be potential supply constraints, reflected in the closure of many providers as a result of the crisis.

Fig. 11: Asia Pacific domestic arrivals, best- and worst-case scenarios

Index, 2019=100
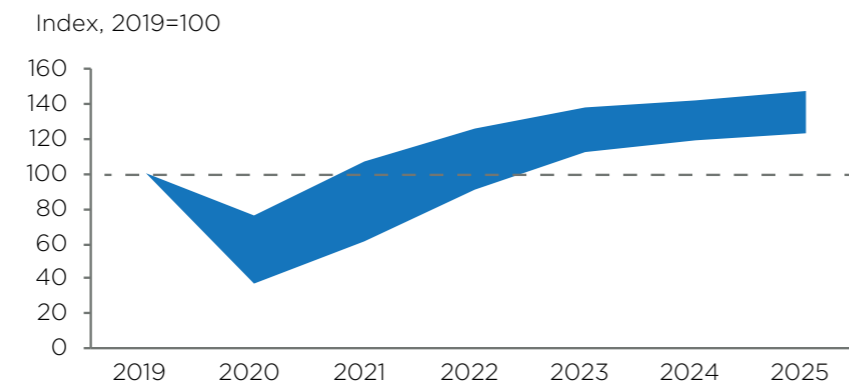
Source: Tourism Economics. *Scenarios produced in May 2020

Travel industry stakeholders and policymakers can all play a role in mitigating these problems and supporting new growth. Proactive steps on the road to recovery could include:

- focusing investments on travel infrastructure such as airports and local transportation;
- tax policies and investment incentives to facilitate private sector investment in travel and tourism enterprises; and
- mitigating traveller risk aversion—for example, through clear and well signalled policies on international travel, and the safety and security of travel to specific destinations.

3.2 AIRBNB'S ROLE IN THE RECOVERY

Airbnb is well placed to play an important role in bringing tourists, and their spending, back to destination economies across the APAC region. In this section, we identify five key areas in which Airbnb's presence in the market could have a particularly positive impact.

1. Facilitating and inspiring domestic trips

Airbnb could play an important role in supporting the earlier recovery of domestic travel by helping households, particularly those who have substituted an international trip with a domestic one, discover new areas in their own country or region to visit. Specifically, Airbnb can facilitate and inspire domestic travel in areas outside tourist-hotspot locations by offering unique listings and experiences across regional markets.

2. Helping to rebuild international travel as a key export sector

Airbnb sales are more oriented towards the international market than the average accommodation provider in APAC: 52% of Airbnb guests originated outside the host country or region in 2019, compared with 25% for the wider sector. As such, Airbnb has an important role to play in supporting the recovery of international arrivals.

Its high-profile platform can retain traveller interest during periods when travel is not allowed by sharing news and information about destinations and properties. This sustained engagement between travellers and destinations is a stepping stone towards renewed travel planning.

Following the lifting of travel restrictions, Airbnb can use its platform to help mitigate traveller risk aversion. It can bolster trip-taking confidence by providing clear information about the international travel policies in place in different countries and regions, alongside transparency surrounding the safety and security of travel to specific destinations and properties.

3. Supporting a youth-led travel recovery

The early stages of the recovery may entail a slight demographic shift in tourism flows. Older people, who have been disproportionally affected by this crisis, are likely to be relatively more risk averse about returning to travel. If this implies a youth led recovery, then Airbnb could play a key role. Evidence suggests the majority of Airbnb users are under 30, and that younger traveller preferences align with Airbnb's offering—since younger travellers are more likely to rely on digital information while travelling, be open to new ideas, and are more price sensitive.[7]

4. Leveraging analytics to adapt to a changing landscape

Airbnb is an industry leader in data analytics, and therefore well placed to learn from, and adapt to, a rapidly changing landscape. The post-crisis tourism landscape is highly unpredictable and likely to be volatile. Airbnb's strengths in data analytics will help it to navigate that landscape, supporting the development of improved and adjusted products and services that match the requirements of a post-crisis world.

5. Providing agile and flexible supply

Since late January 2020, hotel occupancy rates in APAC have fallen sharply. Many accommodation providers have struggled to sustain this prolonged fall in demand, and more may yet close – or fail to reopen from temporary closures – as a result of it. As a consequence, there may be constraints to room capacity and sales and marketing activity in some markets in the early stages of the recovery.

In this new environment, Airbnb may be able to play an important role in providing accommodation solutions to under-supplied or otherwise dislocated markets. Airbnb hosts are less likely to remove listings during prolonged periods of low demand, and the platform's operational model makes it easy for new hosts to respond to increases in demand, particularly around short-term budget rentals.

These three characteristics of resilience, flexibility, and affordability mean that Airbnb is well positioned to help accelerate the recovery of the tourism sector across APAC in the coming months, and over the next few years.

[7] Daniel Guttentag, Stephen Smith, Luke Potwarka , and Mark Havitz, Why Tourists Choose Airbnb: A Motivation-Based Segmentation Study, Journal of Travel Research, 2017 and Pacific Asian Travel Association, Stepping Out of the Crowd: Where the Next of Asian Travellers is Heading and How to Win a Place on their Travel Itinerary, 2016.

TECHNICAL APPENDIX

REST OF ASIA COUNTRY AND REGION LIST

The following 40 countries and regions are included in the "rest of Asia" as referred to in this study: Afghanistan, Azerbaijan, Bangladesh, Brunei Darussalam, Bhutan, Cook Islands, Fiji, Micronesia, Guam, Kyrgyzstan, Cambodia, Kiribati, Kazakhstan, Lao People's Democratic Republic, Sri Lanka, Macau, Myanmar, Mongolia, Northern Mariana Islands, Maldives, New Caledonia, Norfolk Island, Nepal, Nauru, Niue, French Polynesia, Papua New Guinea, Pakistan, Pitcairn, Palau, Samoa, Solomon Islands, Tajikistan, Timor-Leste, Turkmenistan, Tonga, Tuvalu, Uzbekistan, Vanuatu, and Wallis and Futuna.

DATA SOURCES

Our analysis drew on detailed data from Airbnb, WTTC and Oxford Economics databanks. Airbnb

Data provided by Airbnb included the volume of Airbnb guest activity (guests, and rental revenue) and the number of Airbnb unit listings. This data covered each geography at annual frequency for the full analysis period. Additional data covered the number of guests traveling to each destination by origin market.

Airbnb also provided guest spending results based on guest surveys it has conducted annually using a randomized sample of guest accounts in each country or region. The survey is administered through Qualtrics and sent via email. No payment or other incentive is provided in exchange for completing the survey. In 2019, the survey sample was additionally weighted on the overall age and gender composition of the Airbnb guest community that travelled to those countries and regions.

WTTC and Oxford Economics global analysis of the economic importance of travel and tourism

Oxford Economics has been working for 30 years with the World Travel & Tourism Council (WTTC) to produce annual economic impact studies for 185 countries and regions quantifying the socio-economic benefits that travel and tourism brings to the world economy on a global, regional, country, and city level. These figures were incorporated into our analysis.

WTTC is the only global organisation that studies and publishes research on the sector's direct, indirect, and induced impact at a national, regional and global level on jobs, GDP, and trade and investment. https://www.wttc.org/economic-impact/. Oxford Economics as recently undertaken further work to benchmark tourism's economic impact versus other sectors, as well as analyse issues such as youth and female tourism employment patterns.

Oxford Economics

Oxford Economics, through its Tourism Economics subsidiary, maintains a global database on travel and tourism activity across 190 countries and regions. Data used in this Airbnb study included transportation expenditures per international visitor, distances between origin and destinations, and an analysis of selected tourism satellite accounts.

GUEST SPENDING ANALYSIS

We quantified total Airbnb guest expenditures based on a database we developed containing detailed information on Airbnb guest activity, surveys of Airbnb guest spending patterns, and transportation costs estimated by each source market. This analysis was the first of its kind, leveraging highly detailed transaction-based data provided by Airbnb across 13 APAC countries and regions, and Oxford Economics' proprietary databases and research.

Guest volumes and rental expenditures are based on Airbnb data. To estimate non-rental guest spending such as on restaurants, shopping and activities, we modelled guest spending by category over time. We estimated inbound and outbound transportation spending based on the estimated distance travelled between origin and destination for international travellers for each country/region pair, and transportation spending ratios from tourism satellite accounts and balance of payments data. We adjusted transportation cost estimates to reflect only that portion of expenditures with an impact on the origin and destination countries and regions of analysis. We estimated host capital investment as a conservative ratio to rental revenue based on hospitality sector averages.

We conducted the analysis on a consistent basis across each destination country or region, over the five-year analysis period, including recently available data on performance during 2019. We estimated subnational guest expenditures based on localised information on Airbnb rental revenue and national ratios of proportionate non-rental and transportation spending. We allocated national outbound resident transportation expenditures to subnational geographies based on local GDP shares.

The results provide a detailed platform for quantifying the scope and scale of Airbnb guest spending, analysing trends over time by origin and destination, and supporting a detailed assessment of the corresponding economic impacts.

ECONOMIC IMPACT METHODOLOGY

The channels of impact

When assessing the economic contribution of Airbnb's presence in APAC countries and regions, we considered three main channels of impact:

- At the centre of any economic impact assessment is the **direct effect.** This is the impact generated by the direct recipients of the spending associated with Airbnb's presence in a given country or region. The primary driver of this will be the guest spending on goods and services, stimulating activity in tourist-facing industries. It will also include support services like cleaning and maintenance providers, for example.
- The second channel of impact focuses on the supply chain that is required to support the direct purchases. This **indirect effect** represents the activity created in other parts of the economy from the procurement of inputs in the form of goods and services. Examples include the manufacturing of goods that tourist buy and sourcing of raw food inputs through agriculture and fishing.

- The final channel of impact is known as the **induced effect.** This captures the activity stimulated by the consumer spending of people employed through the direct and indirect activity associated with Airbnb. It also captures the additional demand sustained along the domestic supply chain from those transactions. In addition, the proportion of host income that is spent in the local economy, after adjusting for business costs and deductions.

Brought together, these three channels present a complete picture of **total economic impact** of Airbnb, as it ripples from the direct effect out through the rest of economy.

Measuring impact

To effectively quantify Airbnb's economic impact, it is necessary to evaluate the contribution it makes in the same terms used to measure the size of the economy. As such, impact assessments typically focus on two different metrics: gross value added (GVA) contribution to Gross Domestic Product (GDP) and employment.

The first of these metrics—GVA contribution to GDP—is a measure of net output. Three different approaches are available to calculate the GVA contribution to GDP of a business: the production (or output) approach, income approach and expenditure approach. United Nations Statistics Division (UNSD) clearly defines the different methodologies:

"The production approach [...] measures GDP as the difference between the value of output less the value of goods and services used in producing these outputs in an accounting period".

"The income approach measures GDP as the sum of the factor incomes generated to the economy [wages, salaries and bonuses payable to employees, taxes on production, and operating surplus for the producers]".

"The expenditure approach measures the final uses of the produced output as the sum of final consumption, gross capital formation and exports less imports".

Whichever approach is used, gross value added measures the contribution to the economy of each individual producer. When aggregated across all firms in a national economy, GVA sums to GDP. GDP is one of the main summary indicators of a country or region's economic performance. References to economic growth (or when the economy enters recession) typically relate to the rate of change of GDP.

Employment is the second metric by which the economic contribution of a firm can be measured. It can be defined in three ways: headcount, full-time equivalent or job-years. A headcount employment measure corresponds to the number of people employed, irrespective of whether employment is full or part time.

Measuring Airbnb's core impact

Direct impact
Understanding the direct impact involves analysing the industries that are direct beneficiaries of the expenditure related to Airbnb rentals. This includes:

Rental spending: This represents the value paid by guests for accommodation, exclusive of taxes. The value added by Airbnb and retained in the destination economy is estimated as a portion of the implied Airbnb commission. This represents Airbnb's operational spending such as on payment processing, marketing, and general and administrative expenses. The value added by the host is a much more significant portion of the economic impact.

Non-rental spending: We used global input-output (I-O) tables, developed by the OECD, to assess the distribution across different sectors of the economy of i) guest expenditure, based on our guest spending analysis, and ii) host's capital investment in their properties, based on fixed capital investment patterns.

An I-O model is a detailed representation of an economy, showing the major interactions and spending flows between different industries, households, government, and the external sector. An I-O model is a table which shows who buys what, and from whom, in the economy. The global I-O model used in this study offered a platform to analyse all countries and regions through the same structure, ensuring that our analysis of each country and region was completely comparable.

The I-O tables were again used to analyse the direct impact by quantifying the share of revenues that should be considered part of their direct GVA contribution to GDP, calculated as the sum of their costs of employment, operating surplus and taxes on production (i.e. using the income approach). This approach also allowed wages to be calculated, subtracting the taxes that will be applied to the cost of employment to arrive at the actual wage paid, based on OECD estimates of the tax wedge (i.e. the difference between before-tax and after-tax wages) in each country or region.

Airbnb's direct employment footprint was estimated based on the relationship between the GVA contributions and employment of different industries within each country or region. Source data were gathered from a range of national statistics agencies and Oxford Economics estimates applies to ensure full coverage up to 2019.

Indirect and induced economic impact
We estimated the structure of intermediate purchases of goods and services that flowed from our direct impacts, using I-O tables. We traced the entire supply chain that supported this spending, accounting for wages, profit margins, taxes and imports along the way. From this, the GVA contribution to GDP from the indirect effect was estimated. The employment and wage impacts that those impacts support were analysed using the same methodology described above, for direct impacts.

The induced impact considers the value accrued in the economy as wage earners spend the wages they derive via the direct and indirect impacts, and as Airbnb hosts spend their incomes. Employee wage spending was adjusted to account for the value of household spending as a share of total earnings, in order to account for taxes and saving. We also adjusted for savings and the tax wedge to the earnings of hosts, based on OECD data. The value of this spending was distributed across different industry sectors based on the structure of household spending in each country or region, sourced from the I-O tables, and we traced the impact that this had through the economy. The employment and wage impacts were derived from this estimate, as explained above.

ABOUT OXFORD ECONOMICS

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 250 industrial sectors, and 7,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong SAR, Los Angeles, Melbourne, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ 400 full-time staff, including more than 250 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base now comprises over 1,500 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

Tourism Economics is a division of Oxford Economics with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

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