

## THE POTENTIAL CONSEQUENCE OF AIRBNB

Airbnb is a company that operates an online marketplace and hospitality service for people to lease or rent short-term lodging including holiday cottages, apartments, homestays, hostel beds, or hotel rooms, to participate in or facilitate experiences related to tourism such as walking tours, and to make reservations at restaurants. Airbnb only acts as a broker between customers and the real owners of the property and take their fee upon each booking.

This has become the modern trend of booking accommodation, as evident from the \$30 billion valuation it enjoys. What has surfaced in recent times is the real effect that this booming industry has on the housing sectors of popular tourist cities around the world.

Probably the most documented and researched case is the effect Airbnb's have on the New York property market. In a recent study done on the impact of long-term housing availability in New York, estimated that it has removed between 7 000 and 13 500 long-term rental units from the market and in the process drove up long-term rental prices by 1.4 percent, or \$384 per year, for the median New York City renter. This has the further effect that it drives up real estate prices due to the shortage in housing created.

This a worldwide phenomenon and includes a city like Cape Town where the number of Airbnb units went from less than 700 in 2013, to over 15 000 in 2017. This is evident from the map below, depicting entire homes or apartments by the purple dots and shared accommodation by the few blue dots. The percentage of entire homes or apartments offered to rent equates to 73% of the total offered.



The essence of the potential problem therefore lies in the fact that that Airbnb went from being a platform where additional or unused space is rented out, to a case where whole units are being rented out exclusively on a short-term basis. The problem is worsened by the fact that 25% of listers of Airbnb units in Cape Town is multi-listers, therefore advertising more than one unit.

Currently there is no law in general that prohibits short term rental of property. Something which has now been enacted in New York city. However, it is advisable that you check the by-laws of the municipality in which your property is situated or the body corporate / Home Owners Association rules if applicable before going the Airbnb route.

*This article was written by Venter Goosen for information purposes only and in no way constitutes legal advice.*