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Multiple Entire-Home Units Key Driver of Airbnb Growth: Study
Study shows impacts of Airbnb on Canada's Hotel Sector

Ottawa, September 27, 2017 – Commercial operators are growing exponentially and outpacing actual home sharing activity. That is the conclusion of a new study launched by the Hotel Association of Canada (HAC) in partnership with the Ontario Restaurant Hotel and Motel Association (ORHMA). The most comprehensive of its kind, the study, entitled *An Overview of Airbnb and the Hotel Sector in Canada: A Focus on Hosts with Multiple Units*, focused on 11 key markets across Canada and examined the impact of the short-term rental market on Canada's hotel sector, with a key focus on Airbnb as the most widely used digital home-sharing platform in Canada.

"The results of this study show that multiple entire-home units 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 Tony Elenis, ORHMA President & CEO "This demonstrates that a large proportion of Airbnb's revenue is generated through actively managed businesses – ones that do not resemble the original concept of home-sharing."

In Canada, the average number of active Airbnb units has almost doubled in the past two years, rising from 10% of total accommodation supply in 2015 to 18% in 2016. What started as true home sharing – where the owner is present during the guest's stay – has expanded into a growing trend: people using these platforms to become commercial operators.

"A commercial operator is an unofficial term we are using to describe the phenomenon that is occurring in which multiple-units or whole homes — outside of the owner's primary residence — are being rented out on a constant basis, year-round," added Tony Elenis, ORHMA President & CEO "Effectively, these operators are running illegal hotels within residential housing. This unregulated commercial activity has given rise to unintended consequences including the loss of affordable housing, lost tax revenues for governments, loss of jobs, increased disruption in communities and a risk to guests, as there are no health and safety standards in place."

Although commercial operators that run their inventory through the Airbnb platform are hugely profitable, most operate underground. The existing laws and regulations in Canada are not designed for the 21st century sharing economy and, in turn, have allowed new entrants such as Airbnb to exploit tax loopholes.

Anyone operating in the commercial accommodations space should be subject to the same rules and regulations as other businesses doing exactly the same kind of work. "The traditional lodging industry welcomes competition and is prepared to compete on quality, experience and price; but the rules of the game have to be applied evenly to all players," concluded Tony Elenis, ORHMA President & CEO. "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. This is about fairness - these laws and regulations should be upheld by anyone running a commercial operation."

Highlights from the Study:

- 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 – which comprised 83% of total Airbnb revenues in Canada.
- Revenues derived from multi-unit hosts have more than doubled from \$71 million to \$167 million – a 134% increase in revenue over the preceding 12-month period.
- 1-in-every-3 Airbnb units in Canada were rented out for more than 90 days per year, generating over 70% of total Airbnb revenues.
- 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 entire-home hosts account for over 30% of the revenue generated.
- Canada’s hotel sector directly supports 191,600 full-time equivalent jobs as compared to 1,000 full-time equivalent Airbnb jobs.

Although commercial operators that run their inventory through the Airbnb platform are hugely profitable, most operate underground. In 2016, guests of Canada’s legitimate hotel properties contributed an estimated \$2.2 billion in consumer taxes and fees based on room revenues alone. If the same consumer tax 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.

The Hotel Association of Canada (HAC), ORHMA and other industry associations, including the Greater Toronto Hotel Association (GTHA) and the Ottawa Gatineau Hotel Association (OGHA), are calling on the Federal Government to amend the Excise Tax Act to create a more level playing field for hotels, in relation to the short-term rental industry. Airbnb and similar online platforms should be required to charge and remit HST on the service fee charged to hosts and guests. ORHMA will continue to work with other Ontario municipalities on taking commercialization away and leveling the playing field with fair rules. ORHMA also recommends a focused review of the overall taxation of all those involved in the temporary accommodation sector with a view to achieve fairness.

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

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