

MARKETING COLLOQUIA

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Date: Thursday, September 5, 2019

Where: 741 JMHH

When: 12:00 PM to 1:20 PM

THE EFFECT OF HOME-SHARING ON HOUSE PRICES AND RENTS: EVIDENCE FROM AIRBNB

ABSTRACT: We assess the impact of home-sharing on residential house prices and rents. Using a dataset of Airbnb listings from the entire United States and an instrumental variables estimation strategy, we show that Airbnb has a positive impact on house prices and rents. This effect is stronger in zip codes with a lower share of owner-occupiers, consistent with non-owner-occupiers being more likely to reallocate their homes from the long- to the short-term rental market. At the median owner-occupancy rate zip code, we find that a 1% increase in Airbnb listings leads to a 0.018% increase in rents and a 0.026% increase in house prices. Finally, we formally test whether the Airbnb effect is due to the reallocation of the housing supply. Consistent with this hypothesis, we find that, while the total supply of housing is not affected by the entry of Airbnb, Airbnb listings increase the supply of short-term rental units and decrease the supply of long-term rental units.