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Multiple Entire-Home Units Key Driver of Airbnb Growth: Study

Study shows impacts of Airbnb on Canada's Hotel Sector with a report on Regina, Saskatchewan

(Regina, Saskatchewan) September 27, 2017 – Commercial operators are growing exponentially and are far outpacing actual home sharing activity. That is the conclusion of a new study launched today by the Saskatchewan Hotel and Hospitality Association (SHHA) and Regina Hotel Association (RHA), in partnership with the Hotel Association of Canada (HAC). 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 Jim Bence, President and CEO of the SHHA. “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.”

Over the past two years, Airbnb's performance in Regina has grown from less than 1% to 1.6% of Regina's combined hotel and Airbnb supply with 65% of Regina's Airbnb's revenue being generated by entire-home rentals. 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 Bence. “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.”

Notable takeaways from the study include:

- 65% of Regina's Airbnb revenue is generated by entire-home rentals.
- Revenue generated by multi-unit entire-home hosts increased by 126% to now total more than \$159,000.
- 29% of Regina's units were rented out for more than 90 days in the past 12 months, earning more than 70% of total revenues.
- Regina's hotel sector supports approximately 1,200 full-time equivalent jobs, as compared to 1 full-time equivalent Airbnb job.

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.

In Regina, it is estimated that hotel room sales generate \$13 million in consumer taxes and fees. Applying the same rates to Regina's Airbnb sector has the potential to generate a minimum of \$90,000 in consumer taxes and fees. If you include all Saskatchewan cities, these tax and fee revenues could be substantial.

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 Bence. "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. What we are against is the continued allowance of commercial operators to act like hotels without the same responsibilities to taxation, health & safety standards, business licenses/permits, insurance and accessibility. This is about fairness - these laws and regulations should be upheld by anyone running a commercial operation."

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

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The Saskatchewan Hotel Association (SHHA) is the provincial organization that represents 310 hospitality industry members, including 120 hotels that contain 11,000 hotel rooms in Saskatchewan.

The Regina Hotel Association (RHA) represents 23 hotels that contain 82.5% (3,200) of the guest rooms in Regina. Our hotel members employ over 1,400 full time and part time employees.

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