

Short-term rentals and the housing market: Quasi-experimental evidence from Airbnb in Los Angeles

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Online short-term rental (STR) platforms such as Airbnb have grown spectacularly. We study the effects of STR-platforms on the housing market using a quasi-experimental research design. 18 out of 88 cities in Los Angeles County have severely restricted short-term rentals by adopting Home Sharing Ordinances. We apply a panel regression-discontinuity design around the cities' borders. Ordinances reduced listings by 50 percent and housing prices 2 percent. Additional difference-in-differences estimates show that ordinances reduced rents also by 2 percent. These estimates imply large effects of Airbnb on property values in areas attractive to tourists (e.g. an increase of 15% within 5km of Hollywood's Walk of Fame).