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Host with Multiple Entire-Home Units Key Driver of Airbnb Growth: Study
Study examines short-term rental market in comparison to Canada's hotel sector with a spotlight on Winnipeg

(WINNIPEG, MANITOBA) September 27, 2017 – The Manitoba Hotel Association (MHA), in partnership with the Hotel Association of Canada, has released a new study which demonstrates that commercial operators are growing exponentially, far outpacing actual home sharing activity. Alarming, only 17% of Airbnb's total revenue in Canada is generated by true home sharing where the owner is present during the guest's stay. The other approximately 80% comes from hosts renting entire home units where the owner is not present.

Furthermore, the study reveals that units are being rented in increasing frequency. In fact, 1-in-3 Airbnb units in Canada were rented for more than 90 days per year and this segment generated over 70% of total Airbnb revenues during a 12-month period. These statistics highlight one simple fact: there is far more commercial activity occurring than people might realize.

The most comprehensive study of its kind, entitled *An Overview of Airbnb and the Hotel Sector in Canada: A Focus on Hosts with Multiple Units*, spotlighted 11 key markets across Canada and examined the short-term rental market in comparison to Canada's hotel sector, with a key focus on Airbnb as the most widely used digital home-sharing platform in Canada.

"Over 80% of Airbnb's revenues nationwide – \$462 Million – come from whole-unit rentals where the owner is not present. Furthermore, 30% of Airbnb's revenues in Canada are being generated by multi-unit operators who rent out 2 or more entire-home units. These multi-unit, entire-home hosts 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 Scott Jocelyn, MHA President & CEO. "This demonstrates that almost one-third of Airbnb's revenue is generated through actively managed businesses – ones that do not resemble the original concept of home-sharing."

Notable Winnipeg takeaways from the study include:

- Revenue generated by multi-unit entire-home hosts increased by 146% to now total \$341,000.
- 69% of Winnipeg's Airbnb revenue is generated by entire-home rentals.
- 39% of Winnipeg's units were rented out for more than 90 days in the past 12 months, earning 80% of total revenues.
- Winnipeg's hotel sector supports approximately 3,500 FTE jobs generating \$136,000,000 in salaries, wage and benefits. Approximately 4 FTE jobs are attributed to AirBNB.

While Airbnb is not yet as prevalent in Winnipeg as in other Canadian cities, the study found that over the past two years, Airbnb has increased its number of units in Winnipeg by 69%. And, like in other cities, what started as true home sharing 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 2 or more entire-home units are being rented out on a consistent basis,” added Jocelyn. “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, increased disruption in communities and a potential risk to guests, as there may not be any health and safety standards in place.”

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 and similar platforms to avoid compliance with business responsibilities normally associated with commercial activity. These laws need to be updated so that all businesses operating in the accommodation space have a level playing field.

In Winnipeg, it is estimated that hotel room sales generate \$39 million in consumer taxes and fees (8% PST, 5% GST and 5% Accommodation Tax). Applying the same rates to Winnipeg’s Airbnb sector has the potential to generate an estimated \$410,000 – a number that will only increase as Airbnb’s presence in the city grows.

“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 Jocelyn. “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 and fees, health & safety standards, business licenses, 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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