

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar



The Effect of Short-Term Rentals on Residential Investment By

Dr Davide Proserpio
University of Southern California

Date : 5 Dec 2022 (MON)
Time : 9:00 – 10:30 am
Venue : Online via Zoom

Abstract

We provide new evidence that short-term rental (STR) platforms like Airbnb incentivize residential real estate investment. We exploit two complementary identification strategies. First, we use variation in the timing of STR regulations to estimate the effect of regulation on both Airbnb listings and residential permits. We find that over the first 12 months following the start of the regulation, STR regulations reduce Airbnb listings by 9.0% and residential permits by 11.0%. Second, we show that residential permits decline discontinuously across jurisdictional boundaries in which one side of the boundary has a STR regulation and the other side does not. The effect is especially striking for accessory dwelling units, which decline by 16.5% across regulatory boundaries. Our results imply that STRs incentivize residential investment, and especially so for housing units that are well suited for short-term renting.

Dr Davide Proserpio is the Kenneth King Stonier Assistant Professor of Business Administration at the University of Southern California. In his research, he seeks to measure and quantify the impact of digital platforms on industries and markets, and most of his work focuses on the empirical analysis of a variety of companies including Airbnb, TripAdvisor, and Amazon.

All interested are welcome.



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