

Share Better

Airbnb Racial Discrimination Issues

Overview

Over the past two years, from multiple independent and reputable studies a clear pattern has emerged: Airbnb's business model discriminates against minority hosts and guests, in terms of their ability to both generate revenue and book short-term rentals when compared to white/non-minority members of the host and guest community. Not only do these studies show obvious discrimination, but they run significantly counter to one of Airbnb's most highly publicized marketing points – that Airbnb helps people of color make extra money by renting their homes. Airbnb has also been criticized by elected officials and the media for exploiting Black and Latino people in their PR campaigns while taking away affordable housing in communities of color. These studies affirm that criticism, and provide empirical evidence that Airbnb's current operating model has opened the door to consistent discrimination among its listing services.

The memo below outlines the issues Airbnb faces in communities of color.

2015 Harvard Business School Study: Racial Discrimination by Airbnb Hosts

The HBS study conducted by professor Benjamin Edelman found a pattern of discrimination against Airbnb hosts identifying as African American. Researchers set up 6,400 fake profiles for guests across five cities (Baltimore, Dallas, Los Angeles, St. Louis, and Washington, D.C) and assigned stereotypically white or Black names. These profiles then sent out messages to 6,400 available listings in the five cities. The study found that **profiles with African-American names are roughly 16% less likely to receive a positive booking response (be accepted) than identical guests with distinctively White names.** ¹

Findings:

- After inquiring about the availability of listings, 42% of the fake profiles with African American sounding names received a positive response from the Airbnb hosts.
- For identical users with White sounding names, 50% received positive responses.
- The study showed that discrimination occurred regardless of the race of the host.

¹ <http://www.benedelman.org/publications/airbnb-guest-discrimination-2016-01-06.pdf>

- When comparing hosts who occasionally list their homes versus hosts with multiple listings, the rate of discrimination was roughly the same.
- Discrimination was occurring with the same magnitude across all age categories.
- Among hosts who had at least one review from an African American guest, discrimination in the positive response rate was reduced by 6%.

2014 Harvard Business School Study: Black Hosts Earn Less Than Non-Black Counterparts On Airbnb

HBS professors Benjamin Edelman and Michael Luca conducted a study based on Airbnb listings to analyze whether or not Black hosts earned less than non-Black hosts in New York City.² The study also examined the Airbnb requirement that hosts must upload a photo to complete their profile. The study found that non-Black hosts earned 12% more than Black hosts for an equivalent rental listing, and it proffered that there is no fundamental reason why a guest needs to see a host's picture in advance of making a booking, nor does a guest even need to know a host's name, from which race may be inferred. As an example, the study cited eBay, where buyers cannot see a seller's name or photo before making a decision on purchase.

Findings:

- Non-Black hosts earned approximately 12% more than Black hosts for the equivalent rental.
- Black hosts received a larger price penalty for having a poor location score relative to non-Black hosts.
- On average, non-Black and Black hosts received strikingly different average nightly rental rates: roughly \$144 for non-Blacks versus \$107 for Blacks hosts.

Additional Housing Data

- A 2014 analysis by Governing Magazine showed 7 of the top 10 most popular Airbnb locations for illegal hotel listings are the most gentrifying neighborhoods in NYC since 2000. Roughly 55 percent of all Airbnb illegal listings are located in the most rapidly gentrifying neighborhoods.
- 89% of Airbnb listings in Brooklyn – the geographic area in NYC where they have the largest minority population, are available nearly year-round, completely contradicting Airbnb's claim to the City Council that most users rent out their room/apartment only a few days out of the year, and contributing to the borough's housing crisis.

² http://www.hbs.edu/faculty/Publication%20Files/14-054_e3c04a43-c0cf-4ed8-91bf-cb0ea4ba59c6.pdf

- Tenants living in the top Brooklyn zip codes for Airbnb usage saw rents increase an average of 45% from 2002 – 2014, which is nearly 15% more than the citywide average.
- In 20 different neighborhoods Airbnb illegal entire home/apartment listings account for at least 10% of available residential rental units, artificially diminishing the supply of available housing for NYC residents.
- The average rents for housing units in the top 20 neighborhoods for Airbnb listings increased more than the citywide average since 2013, and in these areas, housing units are rented on Airbnb for rates equivalent to more than 300% of the neighborhood's average rent.