

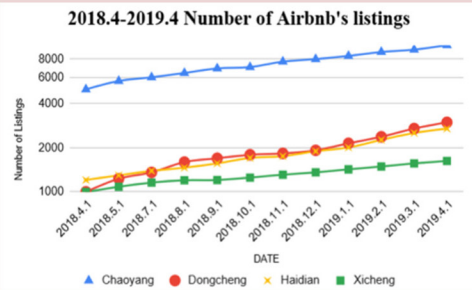
IMPACTS OF ON RESIDENTIAL RENTS AND PROPERTY PRICES IN BEIJING

Jieshan Chen, Lam Tang, Siyi Zhang

Introduction

Sharing economy:
An economic system in which assets and services are shared between private individuals

Airbnb:
As a typical example of sharing economy, Airbnb is a website for public rental accommodation, which offers short-term housing rental services. It has over 150m users and 1.9m listings worldwide up till 2019



Airbnb in Beijing has a positive trend. In the upper chart, we can observe the changes of the listings in four main districts in Beijing. Both the numbers of listings in the whole city and in different districts are continuously increasing. The data of rentals and housing prices of the four districts from the second chart also presented to be rising in general

Triggering housing crisis:
Emergence of Airbnb is reducing long-term house rent supply and pushing up the rental in lots of neighborhoods over the world
Example: protest in San Francisco

Objectives

The aim of this study was to investigate the impact of Airbnb on rental housing market in Beijing

Methodology

Data:
We collected panel data from four main districts in Beijing, which are Chaoyang, Haidian, Dongcheng and Xicheng, over the period 04/2018 to 04/2019

Regression model:
We used panel data to run a fixed effect model. It is designed to study the causes of changes within an entity.


$$Y_{it} = \beta_1 X_{it} + \alpha_i + u_{it}$$

Y: dependent variable, represents the residential rents or property prices
X: independent variable
 α_i and β_1 : coefficients where i denotes individual and t denotes time period
 α_i : unknown intercept for each entity
 u_{it} : error term

Findings & Analysis

In general, coefficients of the logarithm of Airbnb's listings are statistically significant. The regression model resulted positive coefficients and we can therefore conclude that the development of Airbnb has a positive relation with the residential rents and property prices in Beijing



 Housing is necessary for satisfying a person's basic needs. It goes through all five stages of Maslow's Hierarchy of Need, from physiological, safety needs all the way to self-actualization. The rising of the rents and housing price would have a negative impact on people's happiness and motivation, which are core social issues to be concerned.

Limitations

1. Lack of available data
2. Limited data source
3. Bias due to market change

Conclusion

After the empirical study, we found that Airbnb did have significant effects on residential rents and property prices in Beijing. Results showed positive relationship between numbers of Airbnb's listings and the

residential rents or housing prices. It further means that rental, or the housing prices will rise as the number of Airbnb's listings increases. This does not seem to be a good sign for most residents since it can make people's lives a lot more stressful as renting and purchasing properties become even harder. Long term impact of Airbnb is yet uncertain. However, even though Airbnb may not be the main reason for the rise in housing prices, its influences still may not be ignored.