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The professionalization of Airbnb in Madrid: far from a collaborative economy

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ABSTRACT

'Claudia' is neither a real name nor an owner who puts a room at the service of the collaborative economy. It is a pseudonym used by a transnational company which manages short-rentals apartments: 211 Airbnb listings in Madrid, 138 of which are in the city centre. This paper's main arguments are based on the fact that Madrid city centre is experiencing a process of *airbnbisation* which is driven by professional actors specialized in the short-term rental business. The analysis of this model includes an in-depth examination of the professionalization, concentration and monopolization of Airbnb in Madrid, from a temporal and territorial perspective. The paper concludes that Airbnb in Madrid is dominated by professional actors specialized in the business of renting apartments as short-term rentals, who mainly operate within the city's Central District, and whose activity does not comply with the principles of the sharing economy. This model has more to do with traditional forms of accommodation than with new hospitality models based on the sharing economy principles, and generates negative impacts on the economic sustainability of the city and its inhabitants.

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1. Introduction

Airbnb is one of the world's largest sharing economy platforms (Guttentag, 2019). It has over 5 million lodgings,¹ meaning it offers more accommodation than the five largest hotel chains in the world combined (Hartmans, 2017). Based on the collaborative economy, the growth of Airbnb has also generated a massive process of *airbnbisation* of the residential market (transforming housing units into Airbnb listings) and led to the professionalization of the digital platform. These concepts of 'collaborative consumption' and the 'sharing economy' are used in reference to a whole series of practices and activities performed through digital platforms that facilitate the exchange of goods and services between individuals (*peers*). These concepts refer to new processes of production, exchange and consumption that are on the increase in society. A necessary principle that all activities of the sharing economy must follow is that the resource involved in the transaction is temporarily disused (Benkler, 2015; Botsman & Rogers, 2010; Frenken et al., 2015; Horton, 2015; Oskam & Boswijk, 2016; Rifkin, 2014; Rodríguez, 2017; Schor & Attwood-Charles, 2017; Schor & Fitzmaurice, 2015; Stors & Kagermeier, 2017; Sundararajan, 2016; Zervas et al., 2014). All the positive impacts of the sharing economy are based on the idle capacity of the resource, and on the fact that people offer services using resources they own, but whose use value is temporarily underutilized.

These new economic and social models apparently have a whole series of claimed positive economic and social impacts that will solve some of the socio-economic problems experienced by

contemporary societies (Botsman & Rogers, 2010; Sundararajan, 2016). Their positive impacts are due to the fact that they: (a) allow individuals to earn extra income in a flexible way (European Commission, 2016; Schor, 2017; Zervas et al., 2014), (b) create new opportunities for economically disadvantaged people (Quattrone et al., 2016; Schor, 2017; Sundararajan, 2016; Zervas et al., 2014), (c) create highly efficient economic processes (European Commission, 2016; Rodríguez, 2017; Sundararajan, 2016), (d) make more efficient use of resources (Quattrone et al., 2016), (e) contribute to employment, competitiveness and growth (European Commission, 2016; Sundararajan, 2016), (f) drive innovation (European Commission, 2016; Rodríguez, 2017), (g) increase economic activity (Sundararajan, 2016), (h) reduce the price of services (European Commission, 2016), (i) create new services (Sundararajan, 2016) and even (j) empower consumers (Rodríguez, 2017).

On the other side of the debate, these economies are also criticized for a whole series of reasons (Hill, 2015; Scholz, 2016; Slee, 2015). Some of the most recurrent criticisms they receive are that they (a) generate new forms of social discrimination (Edelman & Luca, 2014; Kakar et al., 2016), (b) widen social inequalities (Degryse, 2016; Cansoy & Schor, 2016; Degryse, 2016; Schor, 2017; Schor & Attwood-Charles, 2017), (c) generate new forms of precarious labour and a low-paid labour market that does not recognize traditional workers' rights (Hill, 2015; Kalamar, 2013; Schor & Attwood-Charles, 2017; Slee, 2015), (d) lead to the responsibility for unemployment, old age, sickness and education being transferred from the employer to the worker (Degryse, 2016; Hill, 2015; Kalamar, 2013; Schor & Attwood-Charles, 2017; Slee, 2015), (e) outsource work to an unprotected and precarious workforce (Scholz, 2016), (f) represent a new form of exploitation that extends market and neoliberal relations (Ravenelle, 2017; Scholz, 2016; Slee, 2015; Srnicek, 2017), and (g) cannot be referred to as 'sharing' when they actually involve renting or selling (Belk, 2014; Frenken & Schor, 2017; Kalamar, 2013; Schor & Attwood-Charles, 2017; Slee, 2015). According to some authors, by definition the collaborative economy cannot involve monetary exchange or the possibility of remuneration, since sharing is diametrically opposed to the commodification of exchange (Belk, 2014; Frenken & Schor, 2017; Kalamar, 2013; Schor & Attwood-Charles, 2017; Slee, 2015).

A good example of this is 'Claudia', who does not have a single listing on Airbnb in Madrid. She has 211 listings, 138 of which are in the city centre. Claudia is neither a real name (she was Rachel in a former life) nor an owner who puts a room or her main home at the service of the collaborative economy. Claudia is the pseudonym used by the company *Friendly Rentals Madrid*, which manages short-rental apartments in different European cities, and is owned by *Wyndham Worldwide*, one of the biggest international hotel chains. Owning over 8,000 hotels all over the world under 15 names in 153 countries (Gil & Sequera, 2018), it has financial assets estimated at more than \$10 billion.² Neither is Claudia an isolated case. We also have Juan, Mike, Alex and Maria. All pseudonyms of multi-listing hosts, which manage huge numbers of Airbnb listings.

In this paper, our main argument is based on the fact that Madrid city centre is experiencing a process of airbnbisation driven by professional actors specialized in the short-term rental business, whose activity does not comply with the principles of the sharing economy. We therefore examine how Airbnb in Madrid has followed a hospitality model to generate new business opportunities for renting apartments as short-term rentals. In order to prove our main argument, the paper will firstly analyse how Madrid's supply of Airbnb listings is primarily dominated by listings that are entire apartments and commercial in nature, and how a relatively small group of multi-listing hosts control a large market share. Secondly, the paper will show how the Airbnb supply is disproportionately concentrated in the city's Central District, and how in this area there is an overrepresentation of professionalized listings. Thirdly, we will analyse how the growth of Airbnb in Madrid over recent years has not reduced the supply of professional listings, and how these actors have also grown over the same period.

Finally, through this critical analysis of the Airbnb model as it has developed across the territory of Madrid, including an in-depth examination of the professionalization, concentration and monopolization of Airbnb in the city, our paper will conclude that Airbnb in Madrid is dominated by professional actors specialized in the business of renting apartments as short-term rentals, who

mainly operate in the city's Central District, and whose activity does not comply with the principles of the sharing economy. This model has more to do with traditional forms of accommodation than with new hospitality models based on sharing economy principles, and generates negative impacts on the economic sustainability of the city and its inhabitants.

2. The contradictions and paradox of Airbnb's tourist city

Since 2008, Airbnb has shaken up the hospitality market. One of the most important characteristics of its hospitality model is the cultural change it has introduced. Millions of people have stopped lodging in hotels, and now stay in individual homes when travelling, sometimes even sharing the home with its owners. This model has proved to be a complete success, as Airbnb's huge growth reflects.

Airbnb's rapid expansion can be easily explained from a price perspective, since it constitutes a new form of low-cost tourism that makes it easier for people to travel in times of hardship. However, Airbnb does not portray its model as a low-cost option. On the contrary, it presents it as a model that has huge added value, based on the supposed fact that, through Airbnb, travellers stay with a local in a property that is not located in a touristy area of the city, allowing them to 'live like a local' and not feel like a tourist. Airbnb has created a narrative around these two elements, in order to explain why this type of accommodation has a whole series of benefits. Airbnb thereby disseminates the idea that people do not rent accommodation through Airbnb because it is cheaper, but because it is the model that offers the best value for money and provides the highest guest satisfaction. In order to do this, Airbnb has constructed a narrative that focuses on the positive effects that its platform has on travellers, cities and societies. This narrative is based on the idea that Airbnb is not just a travel company, but a medium for social change that is creating a better and more sustainable world. This idea is best described by the company's motto and mission: 'Belong Anywhere'.³

Airbnb argues that its model overcomes some of the negative effects of the Industrial Revolution, such as lost feelings of trust and belonging, which are a fundamental element of what it means to be part of a community. For Airbnb, all this is solved through its business model. According to the company, their model is making us return to a place where everyone can feel they belong; because, when you stay in an Airbnb, you realize that it's not just a transaction, but a 'connection that can last a lifetime. That's because the rewards you get from Airbnb aren't just financial – they're personal – for hosts and guests alike' (Airbnb, *s. f.*). Airbnb has thereby created a narrative around itself as having the transformative mission of creating a world where anyone can belong anywhere (Chesky in Gallagher, 2017, p. 99). As a result, their narrative presents a correlation between using Airbnb and social change, which is continuously present in Airbnb's advertising and statements. For example, when Bryan Chesky explains that, if more people were Airbnb hosts, 'the world would be an inherently more hospitable and understanding place' (Chesky in Gallagher, 2017, p. 99).

In short, Airbnb argues that its tourism model has very positive externalities, since the accommodation offered: (a) redistributes the economic benefits of tourism among the population; (b) extends tourism beyond the tourist areas of the city, with a favourable impact on neighbourhood businesses; (c) generates more sustainable forms of travel by making more intensive use of resources; and (d) enables forms of socialization between hosts and guests that extend beyond social and multicultural relations, promoting affective, caring and friendly relations.

Nevertheless, the 'Tourist City' faces many important challenges (Colomb & Novy, 2016) due to the complexity of social change and urban transformations. This is particularly important in the historic city centre areas of many cities around the world, where the recent rapid expansion of the informal accommodation sector for urban tourism is seriously jeopardizing the governance of tourist cities (OECD, 2016). In Europe in particular, the economic, cultural, spatial and social revaluation of the historic quarters of many city centres since the mid-1980s has greatly contributed to transforming the city centre into a leisure-oriented place of consumption (Ritzer, 2010; Wynne et al., 1998).

Undoubtedly, increasing competition within and between global cities has led to culture, leisure, entertainment and tourism assuming a central role in the urban regeneration and socio-economic revitalization of previously degraded urban (and suburban) areas of the post-industrial city. In turn, culture, leisure, entertainment and tourism are often invoked as a rhetorical device that seeks to improve local prestige, increase property value and attract new investment and jobs (e.g. Chatterton & Hollands, 2003; Scott, 2006). In addition, the recent expansion of both low-cost travel companies and peer-to-peer online property rental platforms has significantly contributed to increased leisure mobility (Hooper, 2015). During the summer of 2016, more than 16 million people used Airbnb for their holidays and/or business trips throughout Europe, an increase of 70% compared to 2015 (Airbnb, 2016b). However, the recent touristification of the historic centre of many European cities, which is based mainly on the expansion of the (in)formal tourist accommodation sector (Freytag & Bauder, 2018; Gottlieb, 2013), is not without social, spatial and economic impacts. Like other cities in the world, such as San Francisco, Toronto, Los Angeles, Rio de Janeiro, Buenos Aires and Tokyo (e.g. Kubes, 2015; Lee, 2016; Nakamura & Takahashi, 2016; Tomoyose, 2015), the 'shared economy' of tourism (Frenken et al., 2015; Guttentag, 2015), as well as Airbnb and other short-term tourist accommodation platforms, has played a central role in the socio-economic changes experienced in the popular neighbourhoods of many European cities such as Berlin, Paris, London, Barcelona, Madrid and Lisbon, among others (e.g. Gutiérrez et al., 2016; Schäfer & Braun, 2016; Simcock & Smith, 2016).

In this way, the growth of tourism in certain urban areas over the last few years has become a means of increasing real estate rental income by converting residential dwellings into short-term rentals. The main cause is the fact that short-term rentals produce higher real estate rents than those houses rented on the long-term residential housing market (Smith, 2012; Wachsmuth & Weisler, 2018; Yrigoy, 2018). As a result, residential dwellings are extracted from the residential market to be offered on a permanent basis as accommodation on platforms such as Airbnb (Barron et al., 2017; BJH Advisors, 2016; CBRE Hotels' Americas Research, 2017; Eliasson & Ragnarsson, 2018; Gurran & Phibbs, 2017; Horton, 2016; Lee, 2016; Merante & Horn, 2016; Schäfer & Braun, 2016; Segú, 2018; Slee, 2015; Wachsmuth & Weisler, 2018; Wachsmuth et al., 2018; Yrigoy, 2018), as though they were a hotel or a B&B (Frenken & Schor, 2017). This generates processes of 'hotelisation' (Lee, 2016) or 'airbnbisation' of the residential market (Yrigoy, 2017) and causes large-scale processes through which residential housing is replaced by housing for tourists in most cities (Dudás et al., 2017; Yrigoy, 2018). As a result, homeowners can increase their property rental prices, while tenants face paying higher rents or even losing their home (BJH Advisors, 2016; Ioannides et al., 2018; Lee, 2016; Merante & Horn, 2016; Sequera & Nofre, 2018; Wachsmuth & Weisler, 2018; Yrigoy, 2018).

As we shall see below, this process is usually driven by professionalized actors with multiple units on the platform (BJH Advisors, 2016; Cansoy & Schor, 2016; CBRE Hotels' Americas Research, 2017; Eliasson & Ragnarsson, 2018; Lee, 2016; Marqusee, 2015; Merante & Horn, 2016; Wegmann & Jiao, 2017; Yrigoy, 2018).

3. Methodology

To examine the professionalization of Airbnb in Madrid, the following variables will be used:

Firstly, we analyse the spatial distribution of Airbnb listings in the city of Madrid, to observe in which areas the highest number of listings are concentrated. The results will highlight the areas of the city most susceptible to the airbnbisation process. Based on the results, the remaining analyses of the Airbnb market in Madrid will be carried out on a citywide scale but also on a spatial scale. The results will therefore show whether the professionalization process varies between city areas.

Secondly, we analyse the type of lodging rented on Airbnb. The platform offers three types of accommodation: 'Entire apartments', 'Private rooms' and 'Shared rooms'. We estimate that the

greater the number of entire apartments rented on Airbnb, the higher the probability that the activity is run by professionals (based on the referenced literature). The reason for this is that, in most cases, hosts who rent private or shared rooms are hosts performing the activity in their own home (although in some cases it can also be apartments which are permanently rented on Airbnb, but by room and not as entire apartments). In contrast, in many cases the entire apartments rented out are nobody's private residence, and this is therefore a form of 'remote hospitality' (Ikkala & Lampinen, 2015). For this analysis, 'Shared rooms' will not be taken into account, since they only represent 1.44% of all Airbnb listings.

Thirdly, listings are classified as either p2p listings or commercial listings. This variable considers the main principle of the sharing economy –the idle capacity of the dwelling/room – in its most flexible way. All dwellings/rooms that are used as a home for more time than they are available on Airbnb will be considered p2p listings. Conversely, all dwellings/rooms that are available on Airbnb for more time than they are used as a home will be considered commercial listings. In other words, when the use value of the dwelling is greater than its exchange value, it will be classified as p2p, and when the use of the dwelling as a productive good is greater than its use as a residence, it will be considered a commercial listing. Therefore, all Airbnb listings (regardless of the type of accommodation) that are available on the platform for less than 183 days per year will be classified as p2p listings, and all listings that are available on the platform for more than 182 days per year will be considered commercial. As this shows, in order to estimate both models, the interpretation of the dwelling's idle capacity has been maximized as much as possible, this being the most conservative estimation of the idle capacity of the dwelling/room.

Fourthly, the Madrid Airbnb market is analyzed in relation to the number of listings that hosts accumulate. In the first phase, hosts are classified as single-listing hosts and multi-listing hosts. But in a second phase, multi-listing hosts are analyzed in depth, to observe what share of the market is controlled by the most professionalized hosts. In order to do this, the Airbnb market is divided into four variables: hosts with one listing, hosts with two to five listings, hosts with six to 20 listings and host who have over 20 listings. Hosts with one listing are either hosts who perform the activity in their own residence, or hosts who have a second residence that they rent out on Airbnb. The rest of the hosts are *multi-listing hosts*, and in all cases their activity represents professionalized hosts, since they are not carrying out the activity in their own residence under the principles of the sharing economy, and have probably extracted these units from the residential market (Barron et al., 2017; BJH Advisors, 2016; CBRE Hotels' Americas Research, 2017; Eliasson & Ragnarsson, 2018; Gurran & Phibbs, 2017; Horton, 2016; Lee, 2016; Merante & Horn, 2016; Schäfer & Braun, 2016; Segú, 2018; Slee, 2015; Wachsmuth & Weisler, 2018; Wachsmuth et al., 2018; Yrigoy, 2018).

Fifthly, the evolution and growth of Airbnb in Madrid is analyzed. On the one hand, in relation to the increase in listings over time, but also in relation to the other variables analyzed: type of room, type of listing, listings accumulation and the spatial distribution of the listings. Airbnb does not show the day on which listings are created, so in order to calculate the evolution, the date on which the host is registered on the platform will be used.⁴

Finally, in order to conduct our research, we used the databases of *Inside Airbnb*.⁵ *Inside Airbnb* is an online platform that performs web scraping on the Airbnb website. Web scraping is a software technique that allows researchers to extract public information from websites. It involves the use of software programmes that simulate a human's navigation around the website, and extracts all public information from it. This method is currently being used by municipalities such as San Francisco and Barcelona to monitor the activity of Airbnb in their city. In the absence of public information provided by Airbnb, the *Inside Airbnb* databases are the most frequently used by Airbnb researchers (Alsudais, 2017; Barron et al., 2017; Budget and Legislative Analyst's Office (San Francisco), 2015; Cansoy & Schor, 2016; Dudás et al., 2017; Gurran & Phibbs, 2017; Gutiérrez et al., 2016; Kakar et al., 2016; Ma et al., 2017; Quattrone et al., 2016; Red2Red, 2017; Tussyadiah, 2016; Wegmann & Jiao, 2017; Yrigoy, 2018) (Figure 1).

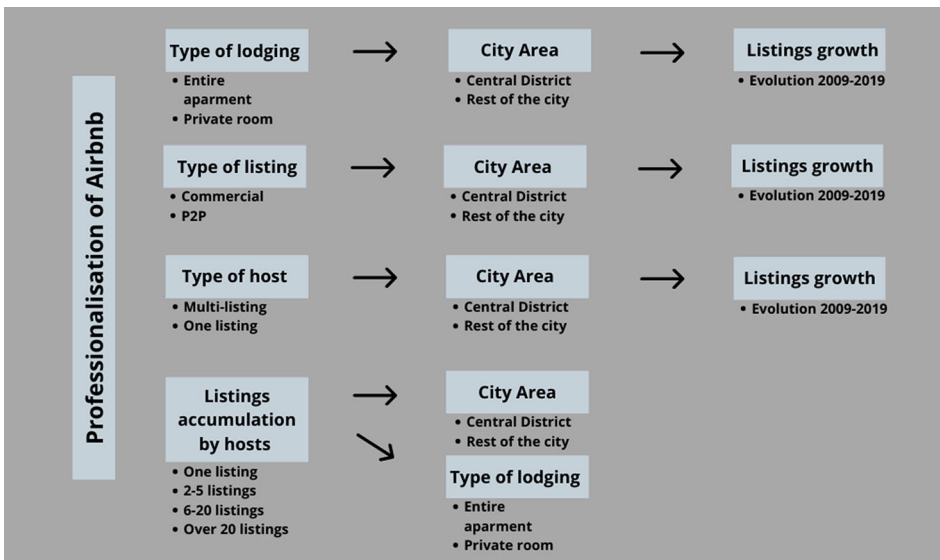


Figure 1. Flow chart of research methodology.

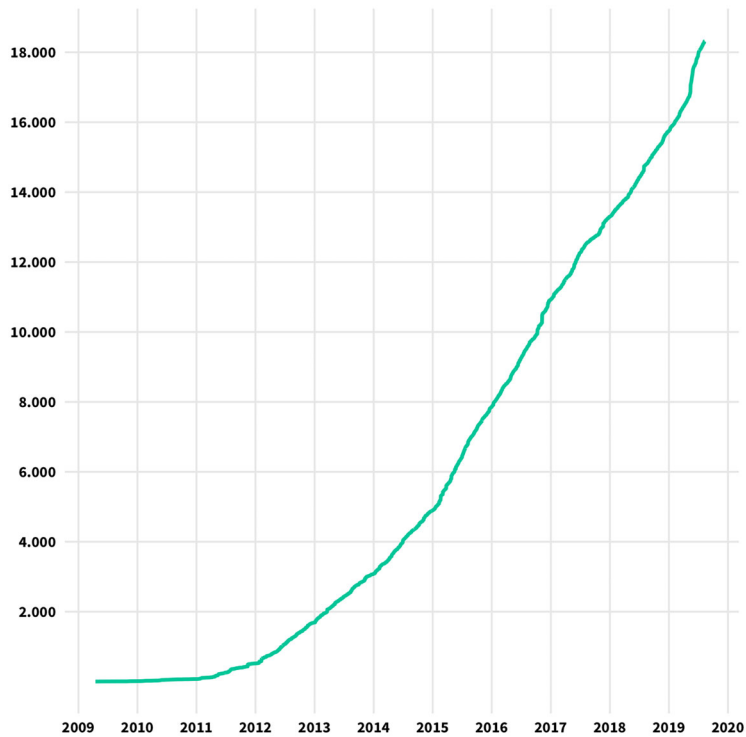
4. Understanding the Airbnb market in Madrid

Airbnb has rapidly expanded in Madrid over the last few years, and when the data was collected there were 18,332 active listings. In 2012, the Madrid Airbnb market surpassed one thousand listings for the first time, growing by more than one thousand new listings every year until 2015. In 2015 and 2016, the growth was much higher, with approximately 3,000 new listings, and during 2017 and 2018 the growth was greater than 2,000 listings. The constant growth of over 2,000 new listings per year over the last few years, in a city with over 18,000 Airbnb listings, and whose growth has generated multiple social conflicts (Gil & Sequera, 2018), reflects the need to study this market in detail, analyzing the market in relation to the different actors that participate in it, its territorial distribution and its evolution over time (Graph 1).

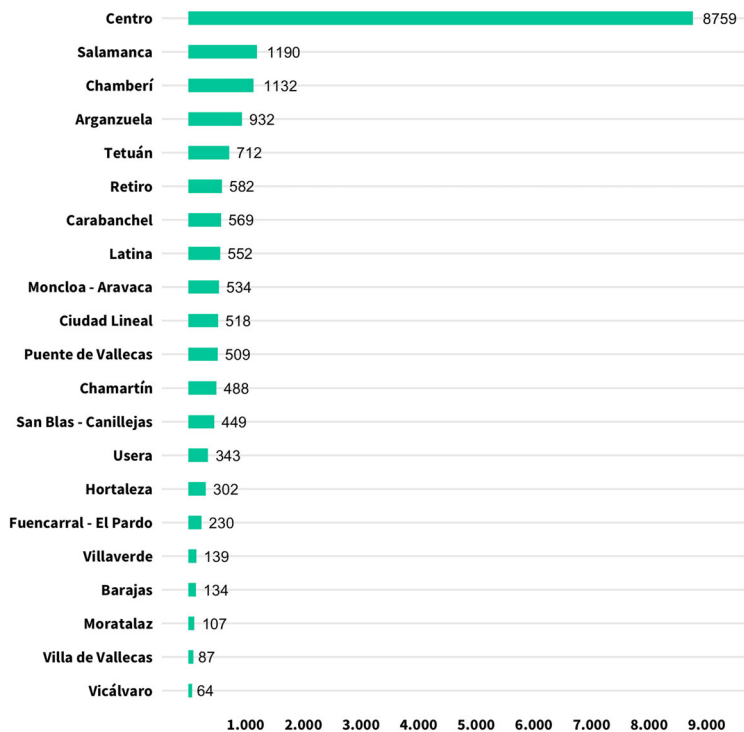
A principal characteristic of this market is that the supply is over-concentrated in the city's Central District (Graph 2). During the last few years, over 50% of the supply has been concentrated in the Central District, and it was not until 2019 that 50% of all Airbnb listings were concentrated in the rest of the city for the first time. Even so, 47.78% of all listings are currently concentrated in the Central District (8,759 listings). This reflects the fact that, in Madrid, Airbnb has not generated a hosting model that distributes tourism equally throughout the city. On the contrary, it has over-concentrated the supply in a specific district. This over-concentration has not diminished over the years, and Airbnb growth has maintained it (see Graph 1). As a result, Airbnb listings in the Central District represent between 8.77% and 22.5% of the housing stock (Aunión & Clemente, 2018) (Map 1).

4.1. Type of accommodation

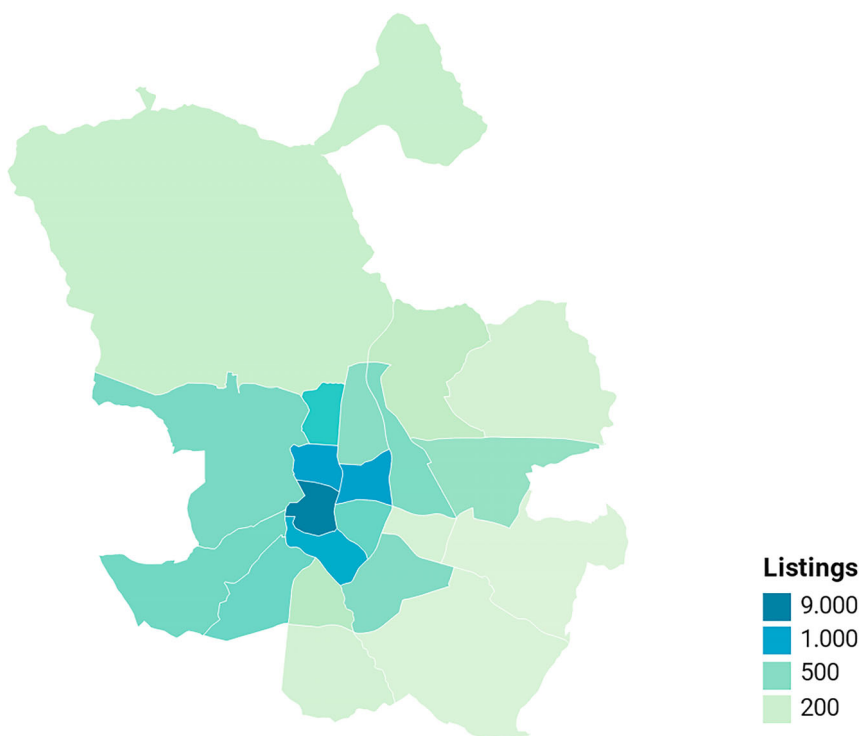
Airbnb's hosting model is primarily based on renting 'Entire apartments' and not 'Private rooms', as can be seen in most international cities (Inside Airbnb, s. f.). In Madrid, 'Entire apartments' represent 63.0% of the Airbnb supply in the city, while 'Private rooms' represent 37% of the supply. These results vary according to the area of the city. In the Central District, entire apartments represent 76.3% of the Airbnb supply, while in the rest of the city they only represent 51%. In contrast, renting 'Private rooms', which is more common in the sharing economy model, only represents 23.7% of the supply in the Central District, compared to 49% across the rest of the city. The



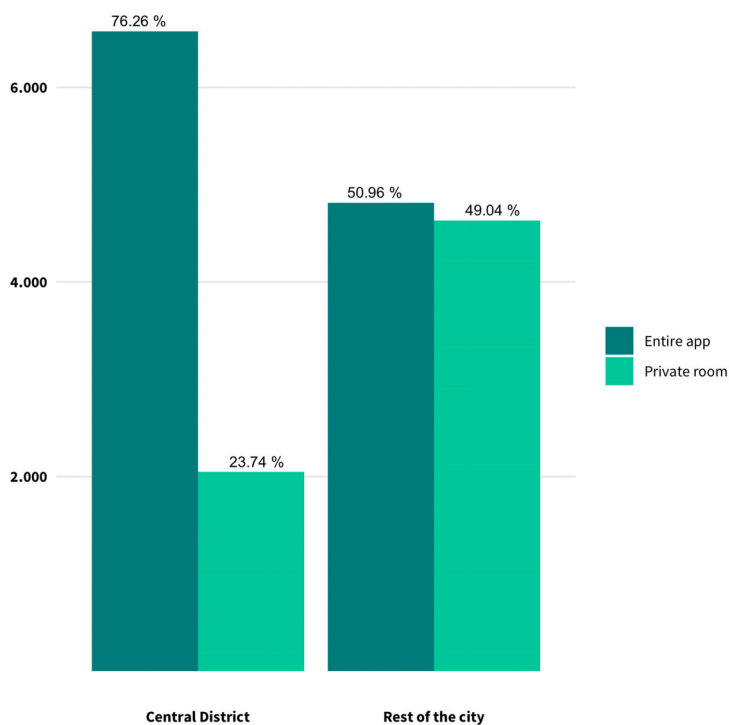
Graph 1. Airbnb growth in Madrid.



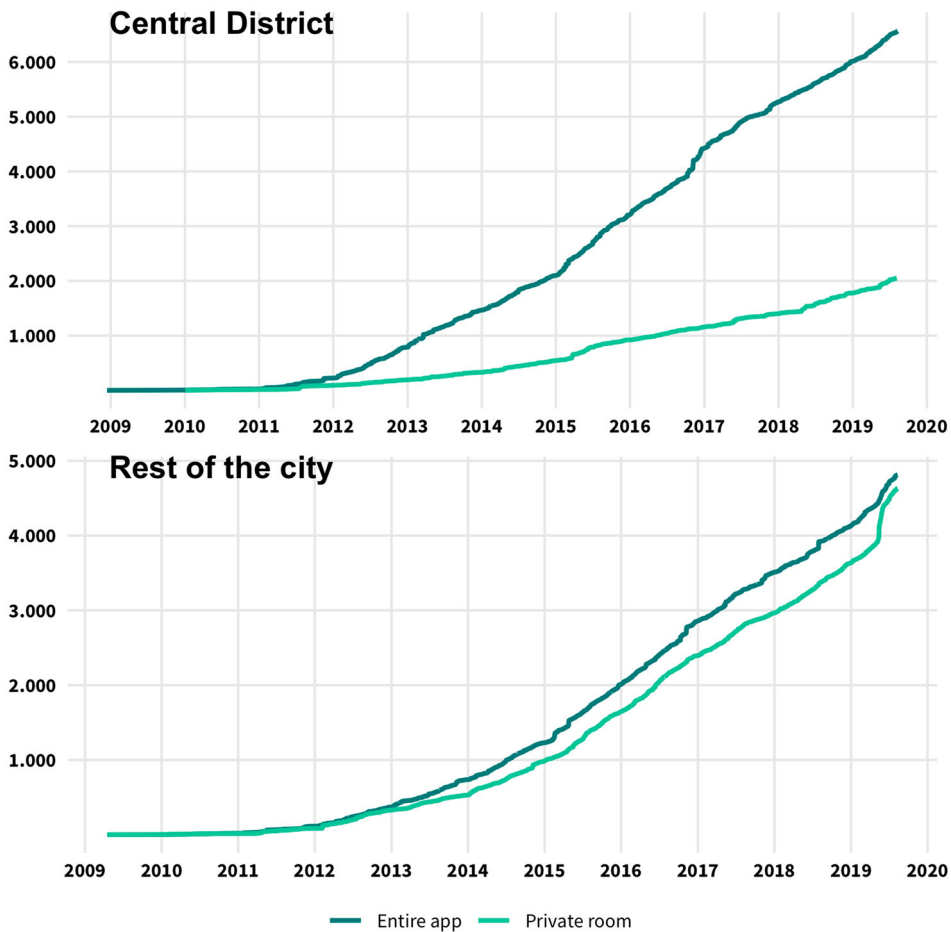
Graph 2. Airbnb territorial listing distribution.



Map 1. Airbnb spatial listing.



Graph 3. Airbnb listing distribution by type of accommodation.



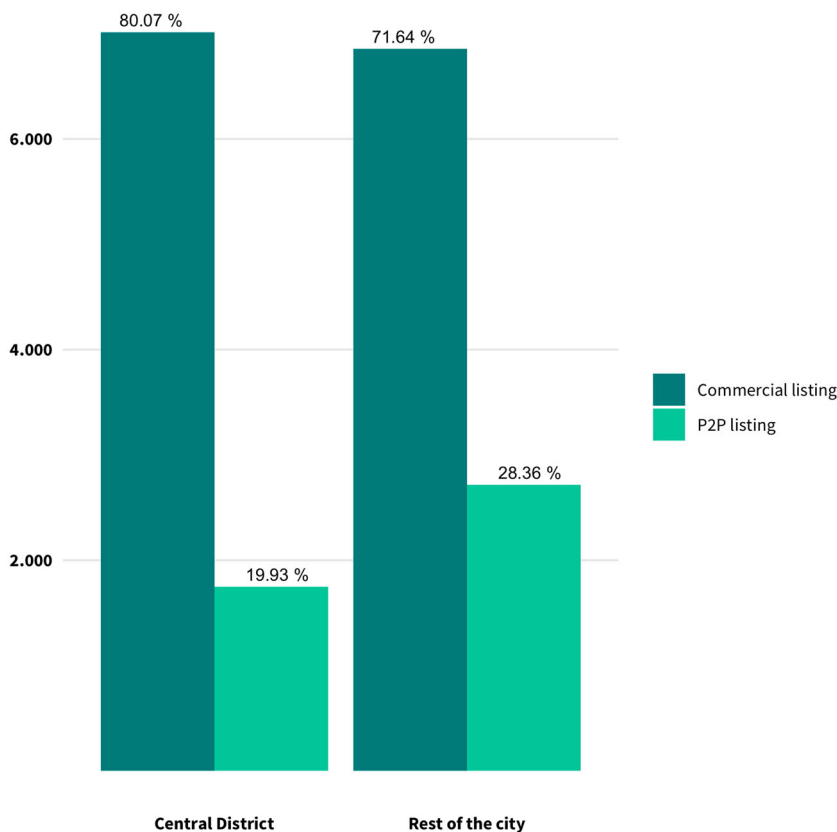
Graph 4. Airbnb listing distribution growth by type of accommodation.

Airbnb market in Madrid therefore stands out for its greater specialization in the rental of 'Entire apartments' in the Central District (Graph 3).

Airbnb's growth in Madrid has not reduced the over-representation of 'Entire apartment' listings in the city's Central District (Graph 4). On the contrary, it is observed that the growth of Airbnb in the Central District has been primarily sustained on 'Entire apartment' listings. On the other hand, in the rest of the city the growth of Airbnb has been sustained on a relatively homogeneous growth of 'Entire apartment' and 'Private room' listings. We therefore observe that the over-representation of 'Entire apartment' listings in Madrid is due to the specialization in the rental of 'Entire apartments' in the Central District.

4.2. Type of listing

Airbnb's hosting model in Madrid is primarily a commercial hosting model that does not comply with the principles of the sharing economy (Graph 5). 'Commercial listings' represent 75.7% of the Airbnb supply, while 'p2p listings' only represent 24.3%. It is also observed that, in the Central District, the gap between both types of listings is even greater. Here, 'Commercial listings' represent 80.07% of the supply (nearly 10 points greater than the Madrid average), while 'p2p listings' represent 19.93%. In contrast, across the rest of the city 'Commercial listings' represent 71.64% of the supply,



Graph 5. Airbnb listing distribution by type of listing.

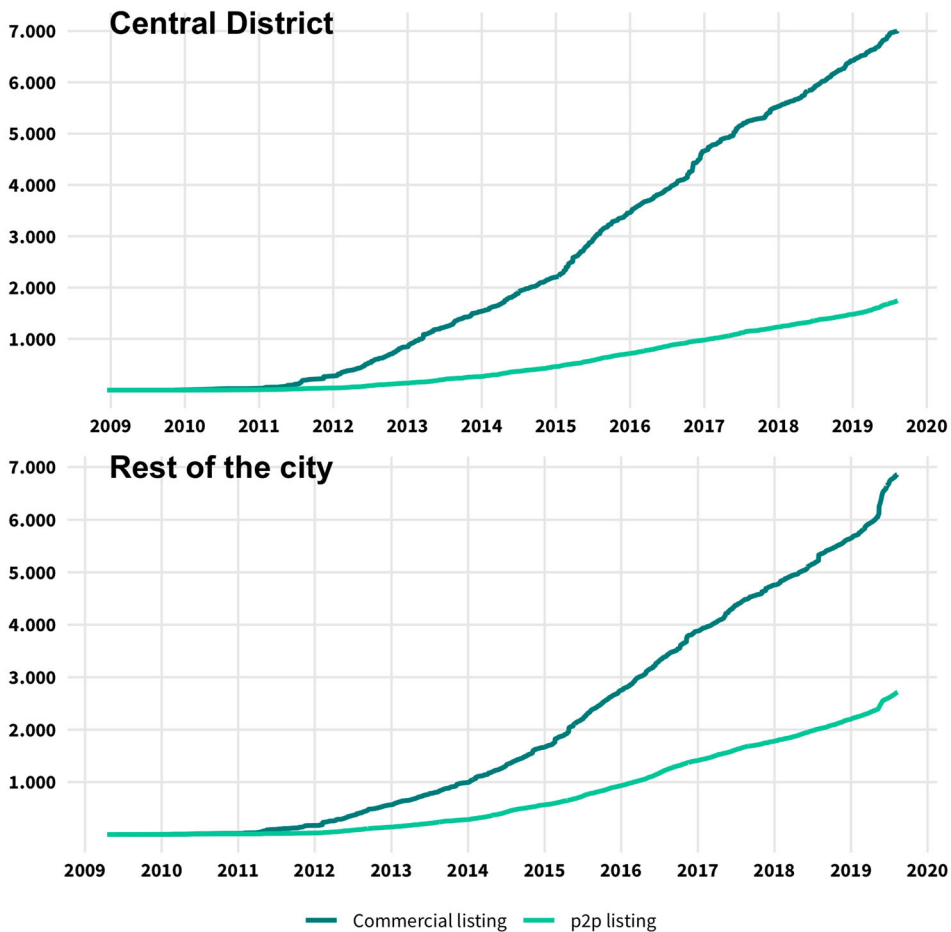
while ‘p2p listings’ represent 28.36%. Thus, we can observe that the Airbnb market in Madrid is specialized in commercial forms of hosting to the detriment of p2p forms of hosting, this specialization being even greater in the city’s Central District.

The difference between ‘Commercial listings’ and ‘p2p listings’ has not diminished over time (Graph 6). On the contrary, we observe that the growth of Airbnb in Madrid was specialized in the rental of ‘Commercial listings’. In this case, the specialization in ‘Commercial listings’ is present across the whole city, although it is greater in the Central District.

4.3. Multi-listing hosts

The Airbnb market in Madrid is mainly controlled by multi-listing hosts (Graph 7). They control 59.8% of all listings in Madrid, while single-listing hosts control 40.2%. The market domination of multi-listing hosts is even greater in the city’s Central District, where they control 68.85% of the market while single-listing hosts only control 31.15%. Across the rest of the city, multi-listing hosts control 51.57% of the market, while single-listing hosts control 48.43%, representing a more even ratio between multi-listing and single-listing hosts. It is therefore noted that the Airbnb market is not only dominated by multi-listings, but that they have mainly specialized their business in the Central District.

Airbnb’s growth in Madrid has not reduced the specialization of multi-listing hosts in the Central District (Graph 8). On the contrary, the growth of Airbnb over time has reproduced the domination of the market by multi-listing hosts in this area of the city. In the rest of the city, multi-listing and single-



Graph 6. Airbnb listing distribution growth by type of listing.

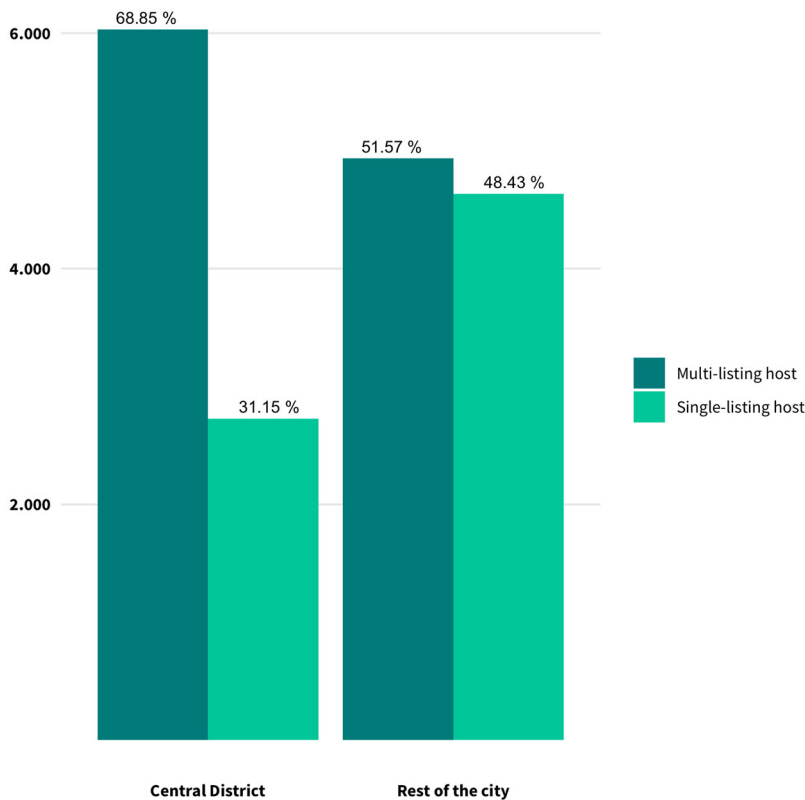
listing hosts have grown in a relatively proportional manner over time. The growth of Airbnb in Madrid in recent years has therefore strengthened the market dominance of multi-listing hosts, mainly due to their strong operating specialization in the Central District.

4.4. Accumulation of listings by multi-listing hosts

As seen above, the Airbnb market in Madrid is controlled by multi-listing hosts. But within this group, the market power of hosts with more than six listings is a prominent feature. It is pertinent to analyse the accumulation of listings by hosts, since the results reflect how hosts with more than six listings are not only abundant in the Madrid Airbnb market, but how they control a huge market share.

In Madrid, 74.50% of Airbnb hosts fit the model of private individual hosts with one single listing on the platform, and professional hosts with multiple listings only represent 25.5% of hosts. If analyzed in relation to host type, it would seem that Madrid's Airbnb activity is based on private hosts who comply with the principles of the sharing economy and host in their own residence, as asserted by the company itself. But upon analyzing the number of listings by each type of host, the results reflect a great amount of listings accumulation by a relatively small group of hosts.

Private hosts, meanwhile, though in the majority on the platform, only control 40.17% of the listings. However, hosts with between two and five listings and who represent 21.19% of hosts, control

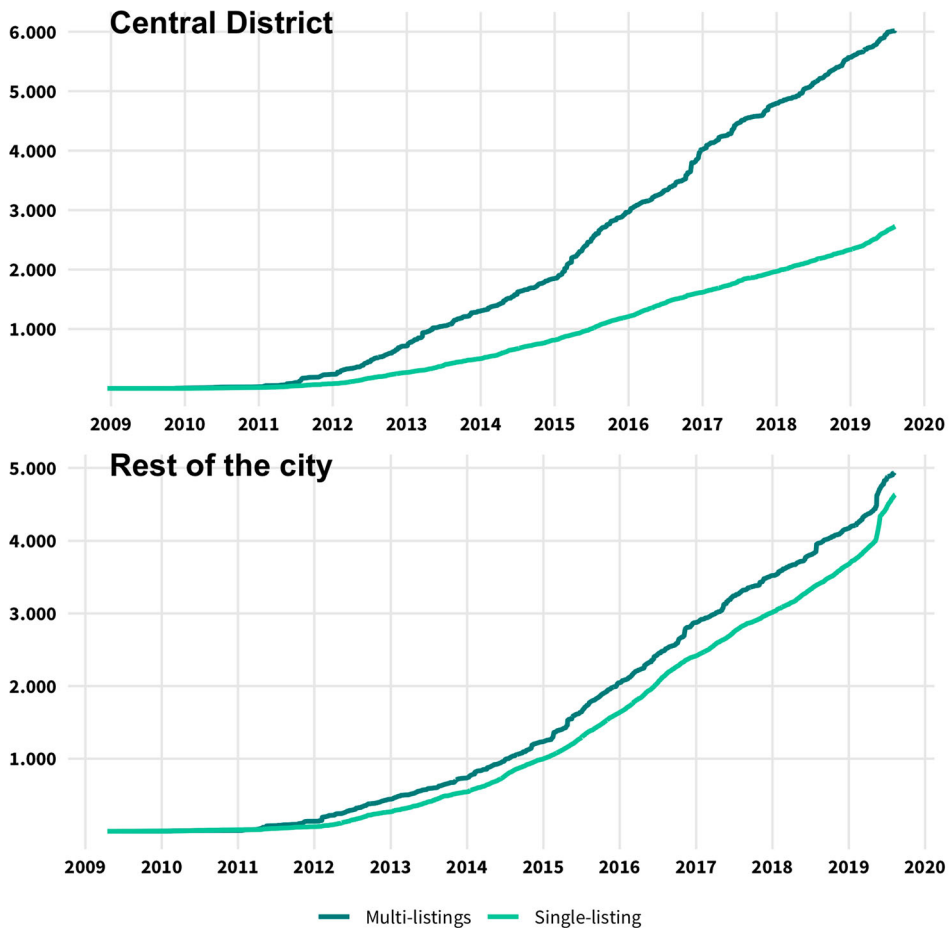


Graph 7. Airbnb listing distribution by type of host.

27.7% of the listings; those with between six and 20 listings and who represent 3.65% of hosts, control 17.11% of the listings, while hosts with more than 20 listings on the platform only represent 0.66% of hosts but control 15.02% of the listings. In fact, 65 hosts have a total of 2,753 listings on the platform. As seen, hosts with over six listings only represent less than 5% of all hosts, but control over 30% of the market. We can therefore establish that a very small group of hosts, highly professionalized in the business of short-term rentals, control an important share of the Airbnb market in Madrid.

If we compare these results with data from April 2017 (Gil & Sequera, 2018), we observe that the market share of hosts with a greater number of listings has increased over the last two years. Hosts with between six and 20 listings have gained a 2.92% market share (experiencing a 20.58% growth), and hosts with more than 20 listings have gained a 6.61% market share (experiencing 78.6% growth). Meanwhile, hosts with only one listing have lost 4.84% of the market (with a negative growth of 10.75%). These results demonstrate not only a high degree of professionalization in the business of short-term rental using Airbnb in Madrid, but that this professionalization is increasing over time (Graph 9).

Results also reflect that hosts with more than six listings have specialized in the city's Central District, while hosts with one to five listings mainly operate outside the Central District (Graph 10). 37.05% of listings by single-listing hosts are in the Central District and 62.95% in the rest of the city (a difference of 25.9%), while 47.28% of listings by hosts with two to five listings are in the Central District and 52.72% in the rest of the city. Conversely, 64.46% of listings by hosts with six to 20 listings are located in the Central District and 35.54% in the rest of the city (a 28.92% difference), while 58.41% of listings by hosts with more than 20 listings are in the Central District and 41.59% in the rest of the city (a 16.82% difference).



Graph 8. Airbnb listing distribution growth by type of host.

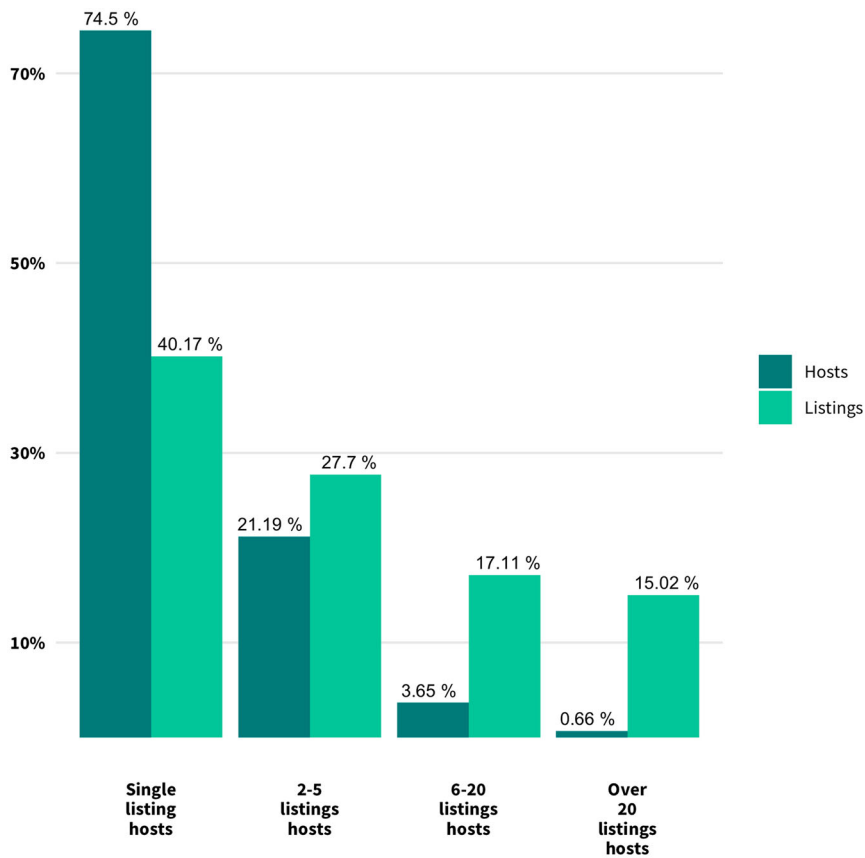
Differences are also observed between renting 'Entire apartments' and 'Private rooms' in relation to the number of listings hosts accumulate (Graph 11). In all cases, renting 'Entire apartments' is more prevalent than renting 'Private rooms', but the specialization in renting 'Entire apartments' is greater among hosts who accumulate a greater number of listings. While 'Entire apartment' listings by hosts with one listing and hosts with two to five listings represent 59.87% and 55.52% of all their listings respectively, in the case of hosts with six to 20 listings and hosts with more than 20 listings, 'Entire apartments' represent 71.01% and 76.44% of all their listings, respectively.

Analyses such as those presented here are fundamental for understanding Airbnb activity and its effects on the city. The results also reflect how the airbnbisation process in Madrid is mainly driven by professional actors that do not operate under the principles of the sharing economy, with their economic activity based on renting housing units on Airbnb throughout the year, as short-term rentals on a commercial basis. As we have seen, professional actors are a minority on Airbnb, but they control most of the market and primarily operate in the Central District.

We are now able to understand who 'Claudia' is.

5. Conclusions

Airbnb has rapidly expanded in Madrid over the last few years. During that time, over 50% of the supply has been concentrated in the Central District, this being the district that houses only 5% of

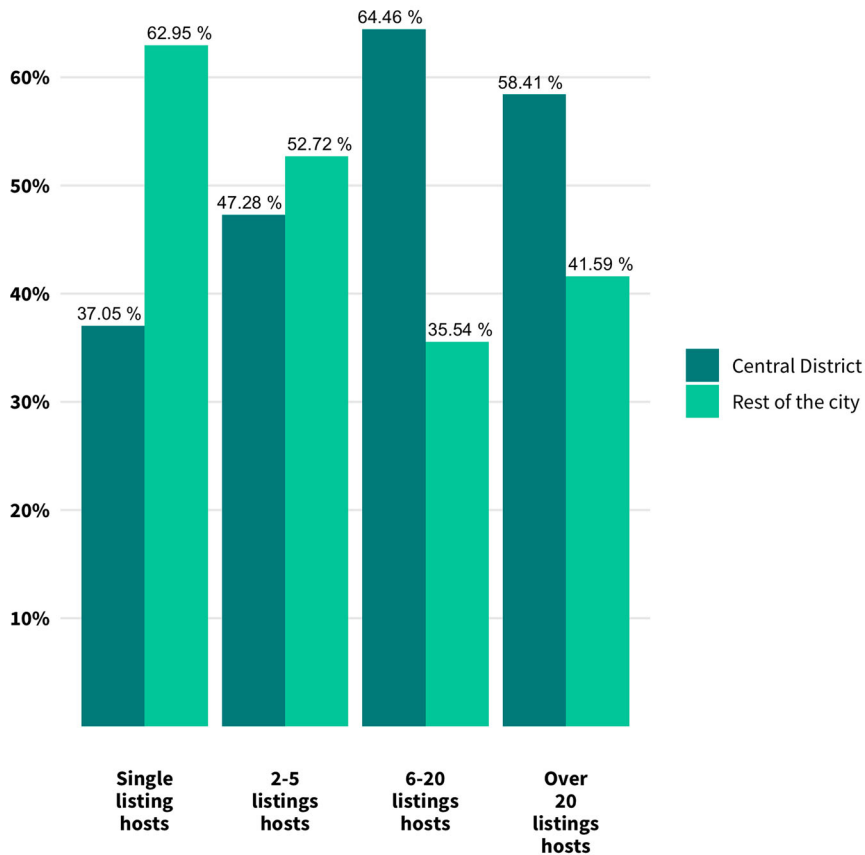


Graph 9. Listings accumulation by hosts according to the number of listings belonging to each host.

the population and less than 1% of the territory of the city of Madrid. This reflects the fact that, in Madrid, Airbnb has not generated a hosting model that equally distributes tourism throughout the city. On the contrary:

- (a) Airbnb in the Central District stands out for its greater specialization and growth in the rental of 'Entire apartment' listings in this area.
- (b) Airbnb's hosting model in Madrid is primarily a commercial hosting model that does not comply with the principles of the sharing economy. Furthermore, the gap between both listing types is even greater in the Central District, with 'Commercial listings' representing 80.07% of the supply. Worryingly, this disparity has evolved as Airbnb listings have grown in number in the city.
- (c) The Airbnb market in Madrid is mainly controlled by multi-listing hosts, even more so in the city's Central District, where they control 68.85% of the market. Again, Airbnb's growth in Madrid has not reduced the specialization of multi-listing hosts in the Central District. On the contrary, the growth of Airbnb over time has reproduced the market domination by multi-listing hosts in this city area.
- (d) Analyzing the number of listings by each type of host, the results have shown that a large number of listings are accumulated by a relatively small group of very professionalized hosts (less than 5% of all hosts control over 30% of the market). This group of hosts mainly operate in the Central District of the city.

It can therefore be established that a very small group of hosts, highly professionalized in the business of short-term rentals, control a considerable share of the Airbnb market in Madrid. The



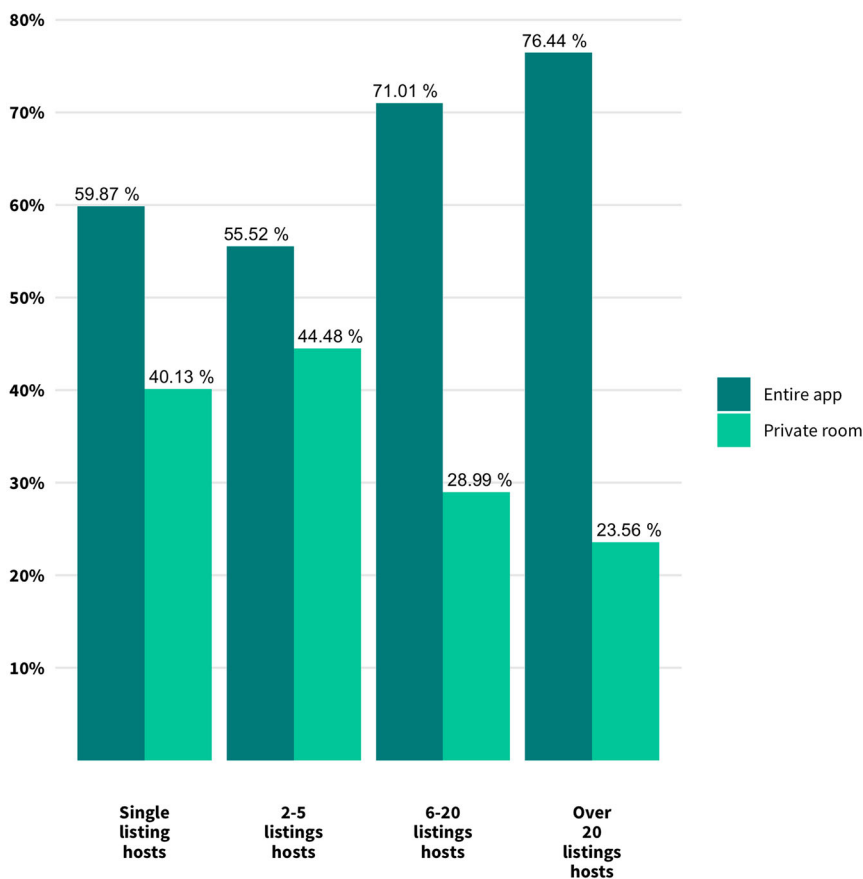
Graph 10. Spatial listing distribution according to the number of listings belonging to each host.

result is significant and increasing professionalization in the business of short-term rental over Airbnb in Madrid, who mainly rent entire apartments and operate in the city's Central District.

This paper suggests that for all the positives effects and processes of the sharing economy to be realized and developed:

1. The accommodation supply is based on the local population hosting in their own homes. On the contrary, when the supply is based on commercial actors professionalized in the business of short-term rentals, the positive effects of the model cannot be fulfilled.
2. The type of accommodation must be 'Private rooms' or 'Shared rooms', and not 'Entire Apartments/Homes'. When hosts receive guests in their own home, guests and hosts share the home space, spending time together and socializing. In contrast, guests who rent 'Entire apartments/homes' have the home for themselves and only socialize with the hosts when arriving and receiving the keys.
3. The accommodation supply must be evenly distributed throughout the city. The greater the territorial distribution of supply across a city, the greater the likelihood that the positive effects will develop. On the other hand, if the supply is concentrated in specific areas of the city, it is impossible for the Airbnb model's claimed positive effects to arise.

This study shows that the Airbnb supply in Madrid does not comply with these principles. On the contrary, the accommodation supply is concentrated in the tourist areas of the city, and most of the



Graph 11. Distribution of accommodation listing type according to the number of listings belonging to each host.

supply is controlled by commercial actors professionalized in the short-term rental business. These actors do not rent their own homes, but rather dwellings whose only function is to be rented out on Airbnb. Therefore, it can be suggested that a study on the impacts of Airbnb in Madrid on the increase of real estate income through tourism (Cocola-Gant & Gago, 2019; Wachsmuth & Weisler, 2018; Yrigoy, 2018), the decrease of housing supply, the increase of rents and the displacement of tenants would be necessary.

Finally, to avoid the use of Airbnb as a means to increase real estate value and profits under activities that do not meet the principles of the sharing economy, regulations are required that take into account the elements described in this paper. In the case of Madrid, a regulation that bans commercial listings would be recommended, as cities such as San Francisco have implemented. This would eliminate all professional actors and all Impact Listings from the platform (BJH Advisors, 2016; Wachsmuth et al., 2018), allowing only those hosts whose activity is carried out under the sharing economy principles. In addition, the regulation in Madrid would also need a territorial criterion, to avoid over 50% of the market being concentrated in one district and allow for a greater territorial distribution of the supply. The regulation would thereby ameliorate the current regulation in force in Madrid – which only bans commercial use of Airbnb in the centre of the city – by reducing Airbnb’s impact on real estate rents and facilitating the development of forms of sustainable tourism through the platform (where travellers really stay on peoples’ homes). Finally, it is important to add that it is not enough to approve regulations if city councils do not have the means to control and inspect the market and sanction those hosts who break the law.

Notes

1. It is present in 81,000 cities and more than 191 countries, accumulates more than 400 million reservations and, on average, over 2 million people stay in an Airbnb every night (Airbnb Press Room, s. f.).
2. <http://wyndhamworldwide.com>
3. In 2014 Airbnb launched the 'Belong Anywhere' campaign, based on a post published by its founder and CEO Bryan Chesky (Chesky, 2014). Since then, the 'Belonging' concept and the 'Belong Anywhere' motto have become the company's core principle and the backbone of its marketing and public discourses. All advertisements and statements released by the company always refer to and are articulated around this concept (Airbnb, 2014, 2015, 2016a).
4. This is a conservative estimation (in relation to the Airbnb web scraps of 2015 and 2017), which does not take into account listings that were active in the pass but are not active any more. The evolution only takes into account listings which were available when the scrap was carried out.
5. <http://insideairbnb.com/>

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