

# Airbnb and the housing market in Italy: evidence from six cities

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## Objective

We study how the entry and growth of Airbnb presence has been affecting the housing market in six important Italian cities - Milan, Turin, Venice, Florence, Rome, and Naples - which differ in term of tourist or visitor attractiveness, seasonality of inflows, business and industry vocation, and morphological constraints to the extension of their boundaries.

## Methodology

Our empirical strategy accounts for omitted variable bias as well as for reverse causality. We apply an instrumental variable approach which relies on a measure of “touristness”, which varies within cities and across time according to the presence and relevance of touristic attractions, to account for the growth in Airbnb’s intensity.

## Results

We find that Airbnb density and numerosity of listings lead to increases in rents and sale prices, but the effect varies greatly across city. For some cities it is virtually non-existent, not even in the town centre, for some is weak, and for others is more evident.

## Implications

The overall quantitative effect remains modest, thus suggesting that any attempt to regulate (from this point of view) home sharing and short-term rentals has to be calibrated with much attention.