

# AIRBNB IN PARIS BOOMING BUT THREATENING THE HOTELS



Airbnb in Paris is growing in popularity. The hosting site, recorded an increase of clientele of 20% for Paris between mid-June and mid-September. At the same time, the fall in the activity of local hoteliers was prolonged and amplified thanks to the threat of

terrorism.

The Parisian hoteliers are not very pleased by the competition of alternative hosting platforms, notably that of Airbnb. While their decrease in occupancy lasted and increased this summer in the French capital, especially in the upscale and luxury areas, **the American-born website benefited from strong demand.**

Airbnb's French management reported a 20% increase of visitors arriving in the capital, and even 25% for the Ile-de-France. Thanks to Airbnb in Paris the hosts – those who use the platform of intermediation to rent out their spaces – have in total welcomed nearly 700,000 travelers between the 15th of June and the 15th of September, of which more than 500,000 were within Paris for an average stay of 4 days. Another interesting fact: the clientele was 81% foreign, with the United States, the first country after France, making up 23%.

In a morose environment, this growth is explained by the still novelty type of accommodation which corresponds to the evolution of tourist behavior. The data also reflects the summer highlight of French tourism – Euro 2016. Moreover, the French management of Airbnb highlights the impact of its campaign to promote international travel, inviting tourists to “live in Paris.” Hence, in their words, the success of the eleventh, eighteenth, tenth, and fifteenth districts, particularly sought after.

## Angry Hoteliers

The vitality of Airbnb in Paris might fuel the debate on the supervision of the industry, including taxation. The AhTop association, which has brought together those working in the accommodation and tourism industries since July of 2015, reported recently “the sleight of hand of Airbnb” in the tourist tax collection that the company must pay to the city of Paris, i.e. 0.83 cents per night per guest.

According to its findings, the tax is thus one euro for two people, compared with an average of 1.99 euros for Parisian hoteliers. Airbnb's French management admits to a “rounded numbers” practice with customers, while awaiting necessary changes to its computer system. The management has taken it upon themselves to recover the apparent deficit of the city of Paris. Over one year, since the implementation of the tax, the operator of Airbnb in Paris has paid 5.5 million euros to the municipality.

## Hotels in Crisis

**Tourism experts studying local hospitality industry expect a 10% drop in average turnover in French hotels this year.** According to a consultancy company KPMG, the falling numbers are caused by the drop in tourism in Paris-Ile de France and Nice-Côte d'Azur, which particularly affect the premium and luxury categories of hotels. The growing popularity of Airbnb also poses a threat to many hotels around the country.

The estimated decline of 10% would be de facto comparable to that of 2009, when the impact of the bankruptcy of investment bank Lehman Brothers was felt.

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