

# Sleeping with strangers: Estimating the impact of Airbnb on the local economy

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## **Abstract**

We study the effect of Airbnb on restaurant revenue in the state of Texas. We employ a difference in difference strategy that exploits the geographical and temporal variation of the entry of Airbnb in Texas to show that a 10% increase in Airbnb listings is associated with a 0.05% increase in restaurant revenue. At the sample average year-over-year Airbnb growth, this translates to a 5% contribution to the average year-over-year growth in restaurant revenue. Moreover, we show that these results are driven by zipcodes traditionally not considered touristy. Our results suggest that home-sharing platforms like Airbnb can support local economies through the redistribution of travelers across different areas of the city they enter.

**Keywords:** *the sharing economy; Airbnb; spillover effect*

**Track:** Digital Marketing & Social Media