

The empowerment of nascent hosts in the home-sharing  
economy through smart home technologies

## **Business Case Report**

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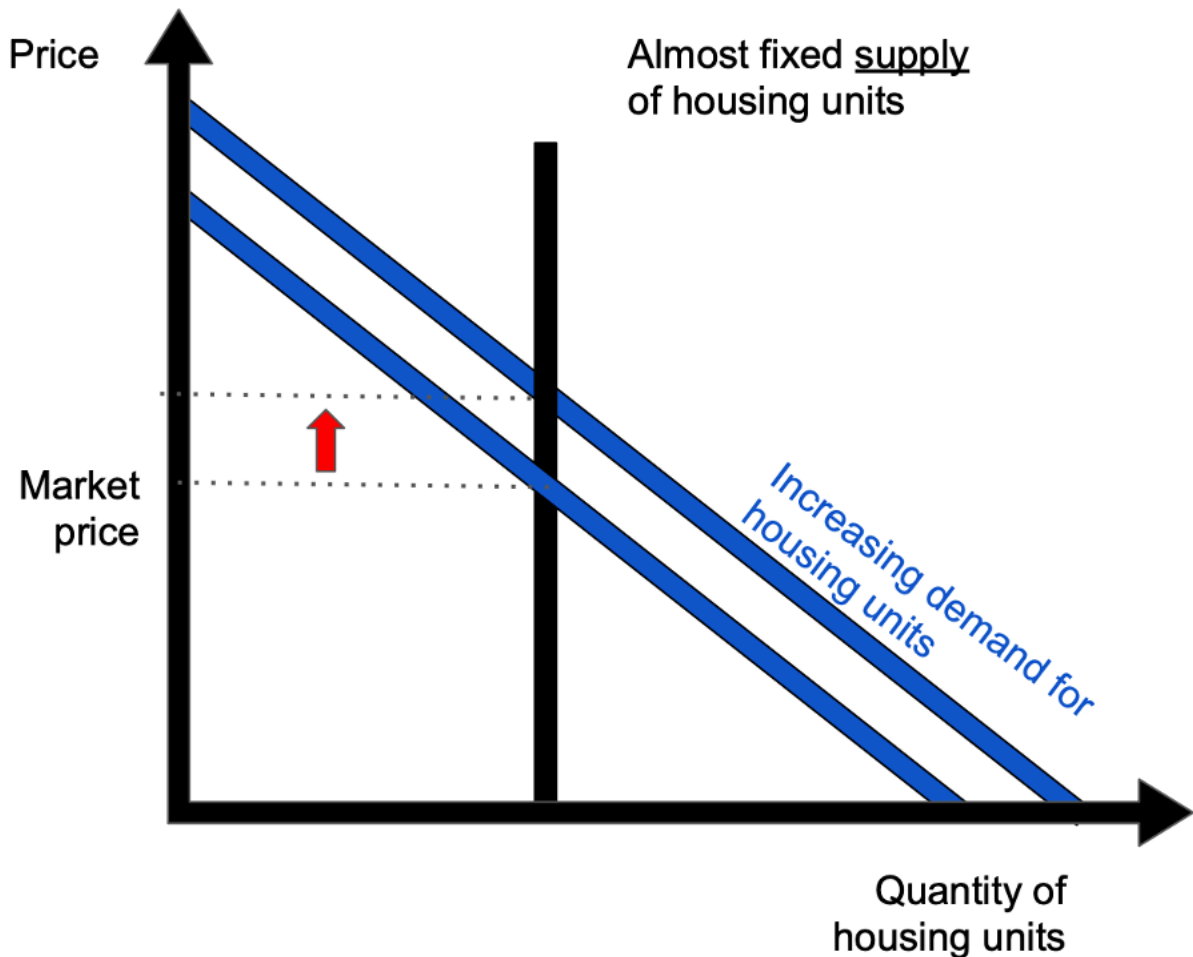
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**Abbreviations:**

NH: Nascent hosts

# 1. The point of ignition

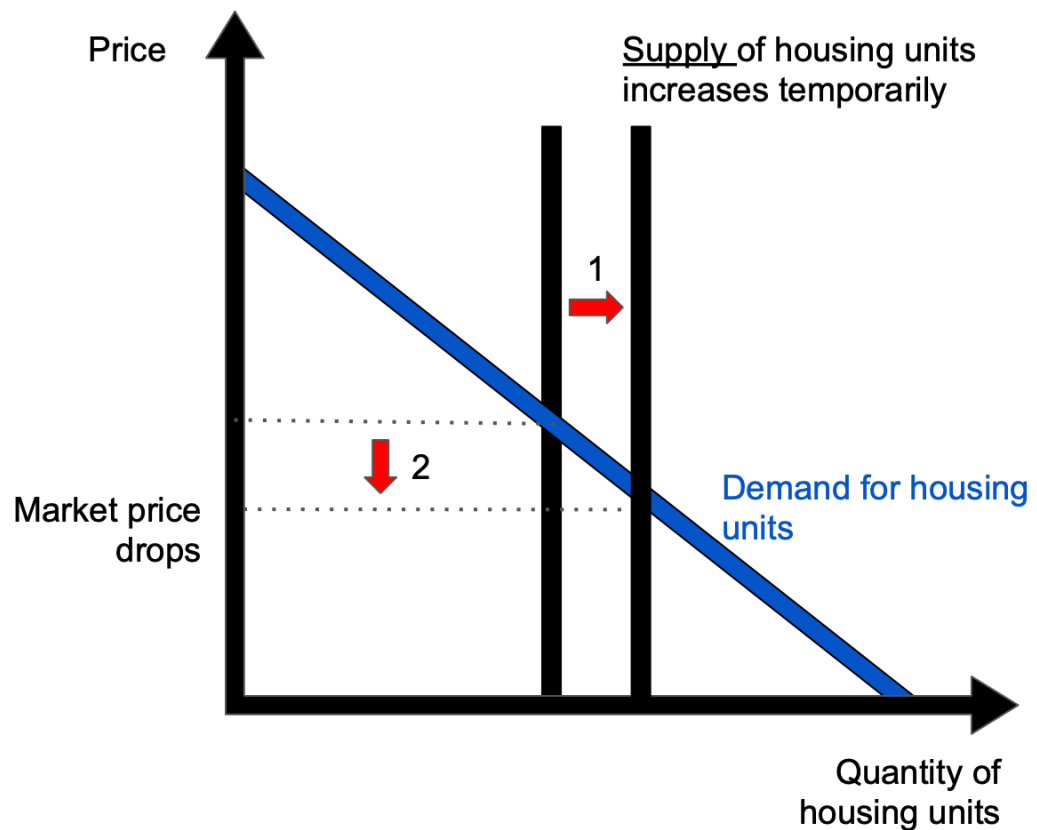
This business case focuses on Germany. Construction land is a worldwide scarce asset due to several reasons. Firstly, not any land is suitable to build on. Secondly, not any land is in such high demand (Samuel, 2020). A piece of land in Germany only costs 71€/ quadrat meter on average in regions with a population below 2000 citizens, whereas the 14<sup>th</sup> biggest German cities demand 1213€/ quadrat meter on average (Die Zeit, 2021). These price developments are the result of increasing demand, in the form of people coming into urban areas, and an almost stagnating supply of apartments (Statista, 2021). The obvious solution, to build enough housing to lower pressure upon the housing market, takes years. This way of increasing supply through building housings cannot keep up with the pace of increasing demand characterized by people settling into urban areas.



**Figure 1: Visualization of fixed supply and increasing demand**

### **1.1 The specified problem**

Therefore, we detected the necessity to exploit yet unexploited resources within the housing market to add housing supply in the short and mid-term (see figure 2) (Destatis, 2020). Unexploited resources are defined as *temporary* and *long-term* uninhabited apartments and houses (housing units) in Germany. *Long-term* uninhabited apartments are e.g., secondary residences and housing units solely used as home offices. *Temporary* uninhabited housing units can be unoccupied due to e.g., vacancies and business trips. Both classifications of housing units are defined as below-average occupied housing units.



**Figure 2: Visualization of the market mechanisms by execution of the business plan**

A definitive ratio of uninhabited housing units does not seem feasible due to its high dynamics in the short-term and lack of monitoring mechanisms towards usage purpose of housing units (Pedersen, 2017). However, on the basis of two reports, we estimated that range of potentially below-averaged occupied housing units. The *Mikrozensus*<sup>1</sup> reports that 8,2% of 40,55 million private housing units were uninhabited in 2018 (Destatis, 2020). The report of the Gebäude- und Wohnungszählung (Destatis, 2020) claims 4,4% uninhabited apartments. A ranging ratio considering seasonality and the economic cycle seems necessary. We assume a volatility of 20%. Therefore, we estimate a range between 1,4 - 4 million below-average occupied housing units (Pedersen, 2017; Statista, 2021).

<sup>1</sup> The *Mikrozensus* is the largest annual household survey of official statistics in Germany.

## **1.2 The field of tension**

Several stakeholders (un)intentionally affect the housing unit's availability and price. For instance, professional operating businesses tend to worsen the housing market through e.g., speculative vacancies due to a lack of economic incentives (taz, 2021). Additionally, home-sharing platforms like Airbnb, which only facilitate between a house seeker and house demander, are used by professional businesses. Thus, house-sharing platforms are partly misused and produce external costs by professional hosts. Professional hosts are defined as hosts with more than two listings while maximizing their profits by renting out housing units with a premium at the cost of locals via those platforms (Stadt Köln, 2019).

Therefore, policymakers become aware of this development and started to regulate the platform as a whole (Stadt Köln, 2019; No author, 2021). The potential of home-sharing platforms to add further supply to the housing markets gets devaluated because nascent hosts (NH) are as much affected as professional hosts (Stadt Köln, 2019). Entry barriers for NHs increase. Consequently, yet unexploited, but temporarily vacant housing units are not made available by NHs (Hati et al., 2021).

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