

China's Home Sharing Industry Development Report 2018

Report prepared by the State Information Center's Sharing Economy Research Center

Executive Summary:

Home sharing refers to the sum of economic activities around the sharing and integration of housing resources to meet diverse accommodation needs, usually through an Internet platform.

With the rapid development of new technologies such as the Internet, the growth of urban and rural tourism, and the popularization of personalized consumption, home share accommodation has become an increasingly popular choice for travelers. Compared with traditional hotels, the home sharing industry provides a great diversity of housing options, more types of services and a personal user experience. Online platforms for home sharing can reduce information asymmetry and transaction risks between hosts and tenants, thus providing both parties with positive experiences.

In order to fully understand the development of China's home sharing industry and provide reference for relevant policy formulation, industry standards, and sustainable development, the "China Home Sharing Development Report 2018" by China's State Information Center's Sharing Economy Research Center aims to present a comprehensive view on the home sharing industry in the world's second largest economy. The report leverages data and case studies to discuss the industry's development trends, economic and social impact, current challenges and future

development trends in China.

This report was compiled with support from Airbnb, Xiaozhu, and other domestic home sharing leaders and companies.

1. 2017 Data

- Home sharing transactions in China amounted to an estimated RMB 14.5 billion, up 70.6% YOY.
- About 78 million people participated in China's home sharing economy, among whom 76 million were guests.
- Financing for home sharing services reached USD 540 million, up about 180% YOY.
- 3 million accommodations in China were listed on home sharing platforms.

2. Insights

- China's home sharing industry has begun to take shape with the rapid development of new business innovations and the emergence of industry leaders.
- Landlords of home share accommodations are generally young and highly educated, and most are female. Tenants are mainly students, office workers, and people who are self-employed, 70% of whom are between 18 and 30 years of age.
- The home sharing industry is increasingly penetrating second- and third-tier cities in China, with particularly popular cities witnessing an explosive growth in bookings.
- Outbound tourism is driving overseas expansion of China's domestic home

sharing economy. Companies with home sharing platforms are actively expanding their offerings in overseas markets through mergers and acquisitions and strategic cooperation.

- The home sharing industry provides flexible employment and entrepreneurship opportunities. In 2017, the main home sharing platforms provided service employment for 2 million people in positions as landlords, housekeepers, photographers, etc. On average, the addition of one landlord on a home sharing platform can create a spillover addition of two part-time jobs.
- Currently, the development of the home sharing industry in China faces four key challenges:
 - Consumption habits restrict the industry's development.
 - Industry services need to be standardized.
 - The legal status of the industry needs to be clarified.
 - Innovation is needed in the industry supervision model.
- China's home sharing industry will see seven major development trends in the future:
 - The home sharing market will continue to expand, and is expected to exceed RMB 50 billion by 2020.
 - Mergers and acquisitions as well as re-organization will accelerate among industry players.
 - Platforms will increasingly expand to include offerings in mountainous and rural areas.
 - "Home stay+" will spearhead the ecologicalization of the industry.
 - The standardisation of services across the industry will continue to improve.

- The policy environment will continue to adapt and evolve in alignment with the growth of the industry.

In recent years, China's home sharing market has continued to grow at an immensely swift pace. The numbers of home share accommodations and tenants have increased substantially. This has played a positive role in broadening employment and entrepreneurship opportunities, increasing the income of both urban and rural homeowners who share their homes, and boosting rural revitalization in China. As consumer habits, service standardization and the local policy environment continue to grow and evolve, China's home sharing industry is expected to usher in a new era of growth.

For more details, please see the full report.