Abstract

This thesis employs a hedonic regression to measure the impact of Airbnb, the digital platform for short term rentals, on residential prices in Prague. The model is based on the unique transaction dataset of all apartment sales from the first quarter of 2014 to the third quarter of 2018 in Prague. Also, Airbnb listings dataset is used and other datasets containing Prague city data enabling involvement of the property specifications and several neighborhood characteristics influencing the sale price in the model. The main variable of interest included in the regression is Airbnb activity, proxied by the number of Airbnb listings within 300 m of the property at the time of the sale. The results show that a 1% increase in Airbnb activity leads to a 0.0423% increase in sale prices. Moreover, in the city center, the estimated impact is almost twice as high, a 1% increase in Airbnb activity leads to a 0.0816% increase in sale prices. The third hypothesis tested in this thesis shows that the impact of Airbnb has increased in 2017 and 2018. All the estimated results slightly vary, depending on the proxy for Airbnb activity. Nevertheless, estimates in all regressions are statistically significant.