

The Neighborhood Impact of Airbnb on New Orleans

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Executive Summary

Rental prices have been increasing throughout the country for the last several years. While New Orleans is no exception to this trend, rental rates have decreased in most area zip codes in the last six months. In the meantime, vacancy rates have been fairly constant at their average rates. In this study, we investigate whether any increases in New Orleans' rental rates are correlated to Airbnb activity, or whether they are part of overall trends in prices. For each zip code in New Orleans, we investigated whether changes in rental prices are correlated with changes in Airbnb activity, after controlling for regional rental rate changes (outside New Orleans). We were unable to find any scientifically valid evidence that rental rates and Airbnb presence are correlated, and conclude that Airbnb has no discernible impact on rents in any of New Orleans' zip codes.

Introduction

At the national level, vacancies are near zero, and rental rates are at an all-time high. With this increased demand, there is a corresponding boom in new apartment construction nationwide: there was a fifty percent increase in new construction this year (2016) compared to last. And while there are 1,035 new apartments in the works for New Orleans, this rate of construction is among the ten weakest among metro areas in the US.¹

Real estate prices have been rising nationally, and New Orleans is no exception to this phenomenon. Some areas in New Orleans have seen quite rapid growth. Others have seen more modest changes. More recently, most of the city's zip codes have seen some decline in the past six months. The challenge for the economist is to identify the source of this change. What portion of an area's increased rents are due to an overall increase in housing demand, and how much of it is due to Airbnb? Complicating this analysis is the fact that increased demand (and prices) in one area might push residents into new areas, which thereby increases prices in those new areas. Rents in Mid City, for example, have increased. How much of this is due to Airbnb, and how much of it is due to the fact that Mid City has become a "cool place to live?" Has outside demand for housing in Mid City pushed residents into other neighborhoods, thereby increasing their rents as well? The challenge for the economist, like any social scientist, is to find a suitable control group.

Do changes in the growth rates of rents correlate to changes in the Airbnb related housing stock, after controlling for overall housing demand and supply? In what follows, we answer this question for each of New Orleans' zip codes. In summary, we find that there is no statistically discernible correlation between changes in (a) neighborhood rental rates and (b) the number of Airbnb residences in the area.

What is Airbnb?

Airbnb is part of the "sharing economy." Airbnb (originally AirBedandBreakfast.com) is an online service which matches hosts with extra space to rent, with travelers looking for a place to stay. Airbnb hosts can rent out a single room, multiple rooms, or their whole house.

How Airbnb works:²

1. Hosts post a property description and price on Airbnb.
2. Travelers search for a property that meets their needs (location, price, amenities, etc.)

3. A booking is made through Airbnb.
4. The host approves the booking.
5. After the guests stay, Airbnb transfers funds to the host after deducting their commission.

Currently, Airbnb reaches six million guests in more than 34 thousand cities in 191 countries around the world. There are more than two million listings on Airbnb worldwide.

Data

Officially, there are 73 neighborhoods in New Orleans.³ Neighborhood boundaries, however, do not always line up with zip codes boundaries. The former were developed by local custom, initially, followed by political bargaining. The latter were assigned by the US Postal Service to facilitate mail delivery.

We analyze the many local rental markets using zip codes rather than neighborhood boundaries. While most locals tend to identify with neighborhoods rather than zip codes, there are some difficulties in using neighborhood data. Many people are not exactly clear on their “official” neighborhood boundaries. Furthermore, our data on rental prices, as well as Airbnb rentals, are also only available at the zip code level, rather than on a neighborhood basis. National databases of real estate prices simply do not abide by New Orleans’ preferred convention of identifying by neighborhood.

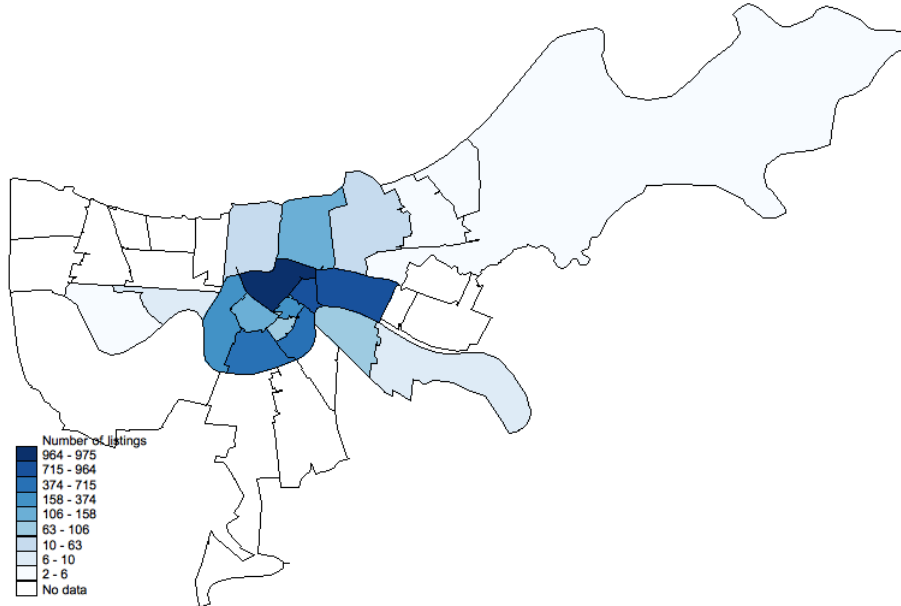
Our two main data sources for this study are Zillow and Airbnb. Zillow provides their data freely online. Their data include monthly indexes of several different types of rental properties, by zip code. Zillow’s database is extensive; unfortunately, it does not track rental prices in two of New Orleans’ zip codes: 70112 and 70113. These two neighborhoods, however, do not have a large Airbnb presence.

The rental price indexes indicate the median rental price for each of the various classifications of rental properties. We run the analysis on Zillow’s four different measures of median rental prices: (1) Multifamily, (2) Single family, (3) All homes, and (4) All homes and multifamily. These variables are further described in Table 1.⁴

There is quite a bit of regional variation in the number of Airbnb listings across New Orleans’ zip codes (see Figure 1). Some zip codes have only two or three listings each month. Others, such as 70119 have between 600-800.

At the same time that Airbnb activity was increasing, rental rates in the New Orleans MSA have held fairly constant (see Figure 2).

Figure 1: Number of Listings by Zip Code



Methodology

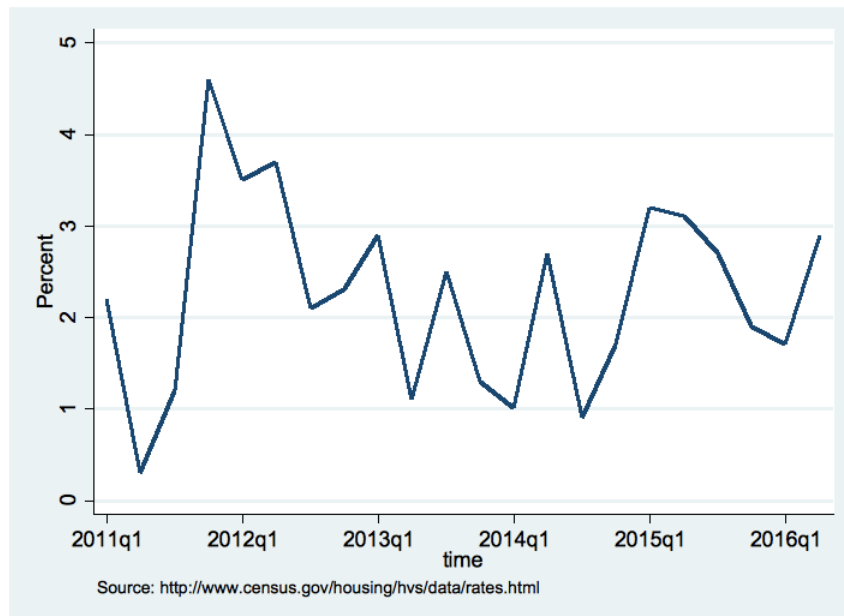
For each zip code we will present the results of a statistical analysis. We use data on rental rates from Zillow.com, and Airbnb activity rates provided to us by Airbnb.com. The statistical technique that we use is Ordinary Least Squares on the natural logarithm of first-differenced data. This technique allows us to estimate whether changes in rental rates are correlated with changes in Airbnb activity.

Random noise is always found in data. The challenge for the statistician is to distinguish the “signal” from the “noise.” The column labeled “p-value” indicates how

Table 1: Variable definitions

Rent variable	Description
All Homes plus Multifamily	Bottom price tier among homes within the same metropolitan
All Homes	Single family + condominium + cooperative
Single Family	Single family only
Condo	Condominium + cooperative only

Figure 2: Housing Vacancy Rates in New Orleans



likely the observed pattern in the data is simply the result of random noise. P-values that are smaller than 0.05 indicate a low likelihood that any apparent correlation is simply due to random sampling error. In other words, p-values less than 0.05 indicate a level of evidence that meets the criteria of “statistical significance.” P-values above 0.05 indicate that there is not enough evidence to make a scientifically, or statistically, valid conclusion that two variables are correlated. To summarize: p-values below 0.05 means we can discern some signal, some scientifically valid correlation; p-values above 0.05 mean we have no evidence of a correlation.

Does above average growth in Airbnb activity correlate with above average growth in rental rates? Given the p-values in the tables below, we cannot claim to have found any such discernible correlation.

Zip Code: 70112



The 70112 zip code includes parts of the French Quarter and Tremé, as well as the Iberville neighborhood. It is most closely associated as the home of New Orleans' Central Business District. Landmarks include the Mercedes Benz Superdome, New Orleans City Hall, the Saenger Theater, and St. Louis Cemetery #2. It is the city's least lived in zip code, with an estimated population of only 3,489 people.

The area is quickly adding short and long-term rental capacity, however. The 17 story Rault Center will soon become the Troubadour Hotel.⁵

An electrical supply shop at the edge of the French Quarter will soon be an extended stay hotel, the Homewood Suites by Hilton. The developers are "hoping to tap into a new client market stemming from the opening of the University Medical Center in Mid-City and the Veterans Affairs Hospital next year." They also expect to benefit from the new Rampart streetcar line.⁶

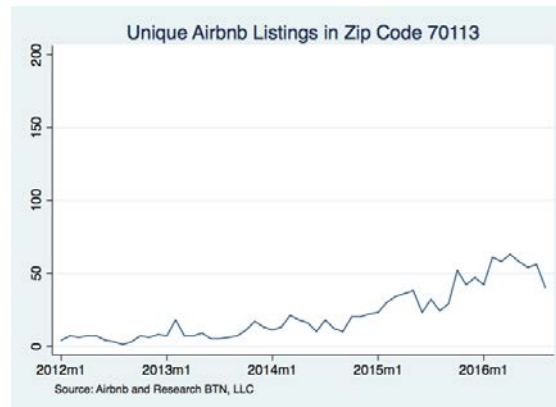
The former Woolworth's space on the corner of Canal and Rampart Streets is being transformed into apartments and a 353-room hotel.⁷

Another development proposal would transform a vacant property on the Canal streetcar line near the University Medical center into the 130 room hotel.⁸

Much of the housing boom in 70112 is likely the result of the construction, in nearby Mid City, of the Biomedical Corridor. The large-scale city-led development project will house the \$1.1 billion University Medical Center and the \$995 million Veterans Affairs hospital.⁹

Unfortunately, Zillow does not report rental prices for 70112 (or 70113). However, **this zip code contains only 4% of the city's Airbnb's listings. This rather modest fraction seems unlikely to affect area rents in any sizable way.** Without further data, however, we are unable to make a scientific claim about Airbnb's impact on this zip code.

Zip Code: 70113



The 70113 zip code is composed of parts of the Central Business District and the Central City neighborhood. It is the city's second least populated area, with only 8,154 residents.

The CBD portion of the zip code has seen a recent boom in development, such as the South Market District project in the Warehouse District.

The South Market District area is the site of three recent additions: The Park, an upscale shopping development; and The Paramount, and The Beacon apartment complexes which combine for 300 additional apartments in the area. A fourth project, called Standard at South Market, has recently received financing and will house 89 new condominiums.¹⁰

Zillow does not provide rental estimates for this zip code, unfortunately.

Only two percent of Airbnb's listings occur in 70113. Given the modest size of Airbnb's presence, it seems unlikely that it has had a noticeable effect on rents in 70113.

Zip Code: 70114

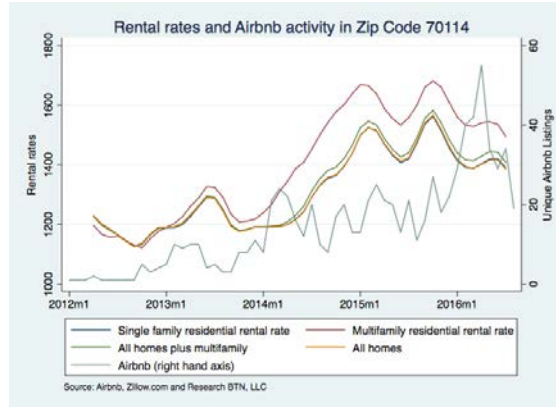


Table 2: Impact of Airbnb for Zip Code 70114

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	-0.083	0.867	-0.000	0.656
Single-family	0.536	0.169	-0.000	0.554
All homes	0.563	0.165	-0.000	0.561
All homes and multifamily	0.679	0.099	-0.000	0.512

The West Bank of New Orleans is split between two zip codes. The 70114 zip code contains Algiers Point, parts of Algiers, Federal City and Park Timbers. There are an estimated 25,161 residents living in 70114.

Rental rates have been at their present elevated levels for the past year and a half. Airbnb listings, on the other hand, were relatively modest at this time. The one significant spike in Airbnb listings coincided with a drop in rental rates. Given this, it seems unlikely that Airbnb is a driver of rental rates in 70114. The high p-values in the Table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70114.

Zip Code: 70115

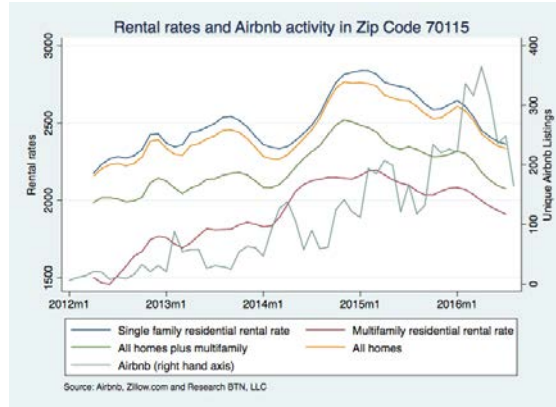


Table 3: Impact of Airbnb for Zip Code 70115

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.319	0.461	0.000	0.941
Single-family	0.585	0.068	-0.000	0.336
All homes	0.390	0.246	-0.000	0.448
All homes and multifamily	0.308	0.329	-0.000	0.707

The 70115 zip code is the city’s second most populous, being home to 34,633 residents. It contains the Freret and Touro neighborhoods, as well as parts of the Garden District and the Irish Channel. Along the east edge of the zip code lies Harmony Oaks Apartments. The zip code contains several notable high schools including De La Salle, Newman, Lusher, New Orleans Science & Math HS, and Sophie B. Wright Charter School.

The Freret Street corridor has been called “the most transformative example of gentrification in post-Katrina New Orleans.”¹¹ Freret Street began gentrifying around 2009 and is now a thriving restaurant area. Responding to the increased demand for housing in the area, “the former Our Lady of Good Counsel School is now being renovated into a 22-unit apartment complex.”¹²

Rental rates have been declining slightly for the past year and a half. Airbnb listings, on the other hand, have been trending upward. Given this, it seems unlikely that Airbnb is a driver of rental rates in 70115. The high p-values in the Table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70115.

Zip Code: 70116

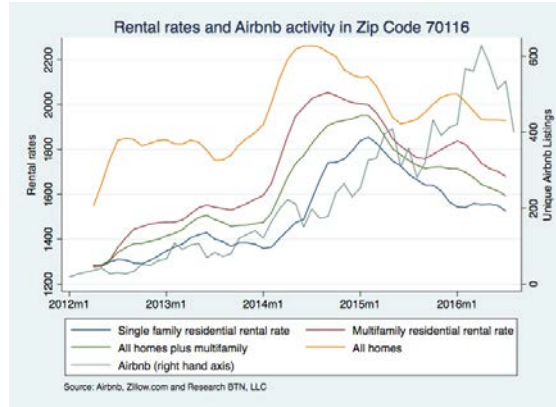


Table 4: Impact of Airbnb for Zip Code 70116

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.298	0.523	0.000	0.985
Single-family	0.360	0.288	-0.000	0.978
All homes	-0.150	0.722	-0.000	0.889
All homes and multifamily	0.231	0.488	-0.000	0.861

This is the part of historic New Orleans that everyone thinks of when they think of New Orleans. The Eastern half of the French Quarter, and parts of the Marigny and Treme-Lafitte neighborhoods are contained in 70116. Approximately 12,069 residents call 70116 home. Among its tourist attractions, 70116 boasts the Mahalia Jackson Theater, the Old United States Mint, the Cabildo and St. Louis Cathedral, the Municipal Auditorium, and Armstrong Park. Whether tourists come to the city for Mardi Gras, Jazz Fest, Voodoo Fest, or NFL Football, chances are high they will visit this area.

Hoping to capitalize on the obvious draw of the French Quarter, the Maison Hospitaliere nursing facility—vacant since 2006—is being developed into a 10-unit condo complex.¹³

Rental rates in 70116 have been declining recently, while Airbnb listings have been trending upward. Given this, it seems unlikely that Airbnb is a driver of rental rates in 70116. The high p-values in the Table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70116.

Zip Code: 70117

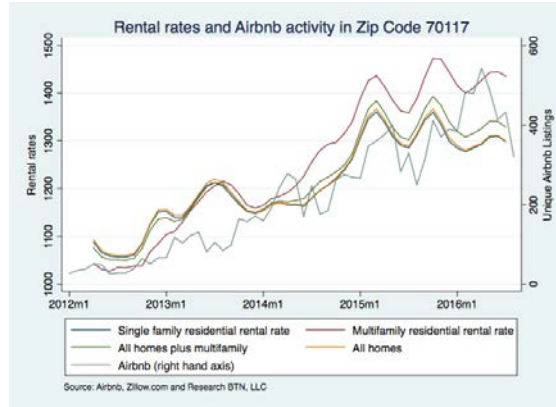


Table 5: Impact of Airbnb for Zip Code 70117

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	-0.134	0.690	0.000	0.845
Single-family	0.027	0.922	0.000	0.651
All homes	0.043	0.883	0.000	0.651
All homes and multifamily	0.142	0.626	0.000	0.699

The 70117 zip code contains the Bywater, St. Claude, part of the Marigny, part of St. Roch, and the westernmost section of the Lower Ninth Ward. It houses approximately 21,488 residents.

Many creative younger people from outside New Orleans are moving into the area, which is quickly gentrifying. Among its draws are its proximity to the French Quarter, plentiful historic housing,¹⁴ and the St. Claude streetcar line which is expected to begin operation October 2, 2016.¹⁵ According to RTA spokesperson Patrice Bell-Mercadel, the “investment in the streetcar has really spurred a lot of that economic growth. Our history has shown that it’s a result of investing in transit.”¹⁶

The area has become trendy, and developers are catching on, converting vacant properties and adding to the areas rentable stock. Plans are underway to build an upscale boutique hotel and hostel on what was formerly a seafood processing plant on Chartres St. in the Bywater.¹⁷ The former Sts. Peter and Paul Church and school complex is being transformed into a boutique hotel that will include 59

guest rooms.¹⁸ On the western edge of 70117, a vacant warehouse in the Faubourg Marigny was recently acquired by a hotel developer. “The property is one block from Frenchmen Street’s numerous bars and entertainment venues.”¹⁹

The correlation between rental rates and Airbnb activity is highest in the 70117 zip code. How much of this is due to an overall increase in rents, and how much is due to Airbnb? We control for regional non-Airbnb changes in rents by using Metairie as our control variable. Our statistical analysis shows that, in fact, changes in rents in 70117 are uncorrelated with changes in Airbnb activity. This is evidenced by the high p-values in the Table above.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70117.

Zip Code: 70118

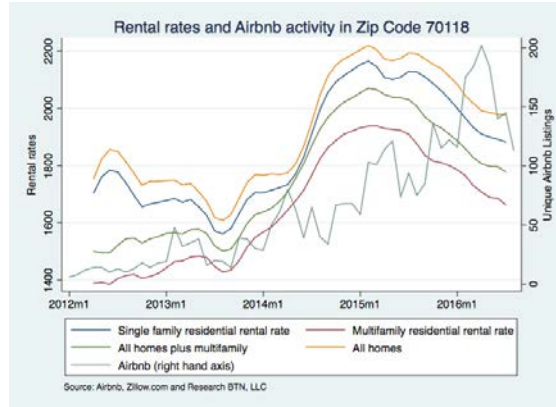


Table 6: Impact of Airbnb for Zip Code 70118

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.589	0.063	-0.000	0.811
Single-family	0.256	0.425	-0.000	0.562
All homes	0.217	0.520	-0.000	0.465
All homes and multifamily	-0.005	0.987	-0.000	0.563

Over thirty three thousand people call 70118 home, making it the city’s third most populous zip code. This zip code straddles two fairly disparate neighborhoods, with very different real estate dynamics.

The Northern branch of 70118 contains Holly Grove and Gert Town. Both are primarily working class residential areas, and have not benefited from many new development projects. The new Costco has is a notable exception, which brings in many residents from other neighborhoods.

The Uptown/Carrollton area is dominated by Tulane University and Loyola University, as well as Audubon Zoo and Audubon Park. Many of the homes are historical and are protected.

While Airbnb listings have increased steadily in this area, rental rates have shown much more variation. They have shown a slight drop recently, at the same time that Airbnb listings are at their highest levels. Given this, it seems unlikely that Airbnb is driving rents in 70118. The high p-values in the Table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70118.

Zip Code: 70119

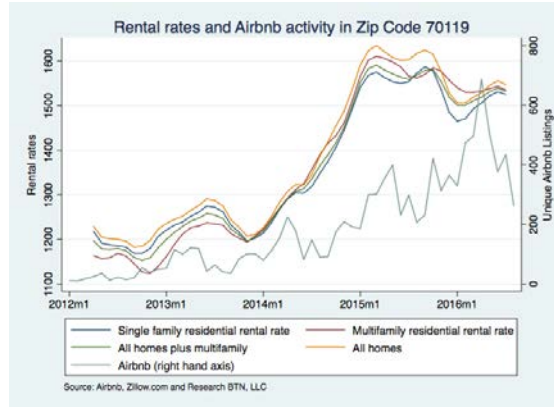


Table 7: Impact of Airbnb for Zip Code 70119

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.357	0.234	0.000	0.640
Single-family	0.028	0.916	0.000	0.760
All homes	0.040	0.887	0.000	0.925
All homes and multifamily	0.178	0.474	0.000	0.759

With an estimated population of 36,558 people, 70119 is the city’s most populous zip code. It is most closely associated with Mid City and the Fairgrounds, though it also contains a part of Treme and a sliver of City Park.

MidCity has become one of New Orleans’ post-Katrina success stories. The area benefits from the expanded streetcar line and the Biomedical Corridor. Perhaps the biggest draw to the area, however, is the New Orleans Jazz & Heritage Festival. Jazz Fest is one of the city’s premier attractions and stretches the city’s traditional hotel capacity every year during the last week of April and the first week of May.

Among developers’ attempts to increase the housing capacity in the area is a “\$100 million mixed-use project behind the Rouses on S. Carrollton Avenue that would include a boutique hotel and long-term housing.”²⁰ Also, the recently finished Joan Mitchell Center will begin hosting artists in residence, to live and work there yearly.²¹

In 70119, rental prices spiked dramatically in 2014 but have held steady since then. In the meantime, Airbnb listings have continued to increase while rents have

not. Given this, it seems unlikely that Airbnb has been a driver of rents in 70119. The high p-values in the Table above bear this out.

There is no statistically discernible correlation between rents and Airbnb listings in 70119.

Zip Code: 70122

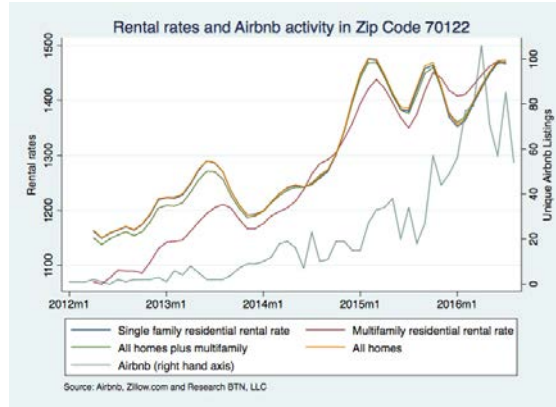


Table 8: Impact of Airbnb for Zip Code 70122

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	-0.007	0.981	0.000	0.740
Single-family	-0.006	0.984	-0.000	0.979
All homes	-0.065	0.838	-0.000	0.963
All homes and multifamily	-0.018	0.952	0.000	0.987

The Fillmore, Gentilly, and Milneburg neighborhoods comprise the 70122 code. It is the fourth most populous areas, with over thirty one thousand residents. It is home to Dillard University, and the University of New Orleans. It is also home to several notable high schools including Benjamin Franklin, Brother Martin, Holy Cross, and McDonogh #35. Idyllic Bayou Saint John flows through the area, and provides a relaxing space for residents.

The Table above shows the estimates of the conditional correlation between changes in Airbnb activity and rental rates in the area. The high p-values in the final column of the Table indicate that the correlation between these two variables is indistinguishable from random sampling error.

There is no statistically discernible correlation between changes in rents and changes in Airbnb activity in 70122.

Zip Code: 70124

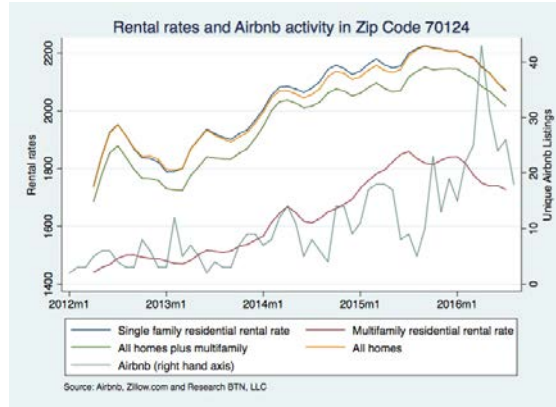


Table 9: Impact of Airbnb for Zip Code 70124

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.727	0.002	-0.000	0.474
Single-family	0.634	0.023	-0.000	0.893
All homes	0.693	0.016	-0.000	0.799
All homes and multifamily	0.661	0.017	-0.000	0.829

Almost twenty thousand call 70124 home, in neighborhoods such as Lakeview, Lake Vista, and Lake Shore. The Lakeview area in 70124 is one of the city’s Post-Katrina rebuilding success stories.

Among its attractions are City Park, West End Park, and the New Orleans Museum of Art.

The Harrison Ave. corridor has become a thriving restaurant hub, with new restaurants such as Cava and Mondo, and old favorites such as Lakeview Harbor and the Steak Knife. The Marina is on the northern edge of the zip code, anchored by the Southern Yacht Club and Russell’s Marina Grill, and a host of seafood restaurants.

The Table above shows the estimates of the conditional correlation between changes in Airbnb activity and rental rates in the area. The high p-values in the final column of the Table indicate that the correlation between these two variables is indistinguishable from random sampling error.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70124.

Zip Code: 70125

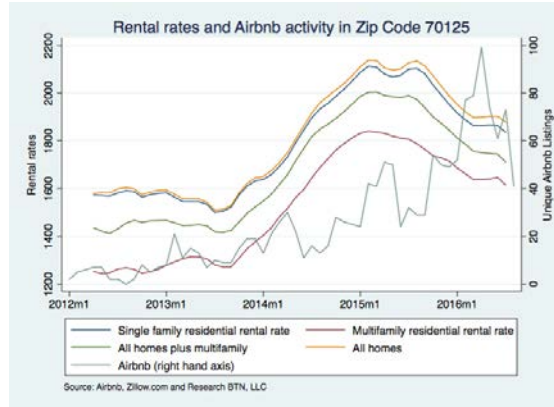


Table 10: Impact of Airbnb for Zip Code 70125

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.864	0.009	-0.000	0.524
Single-family	-0.437	0.095	-0.000	0.327
All homes	-0.436	0.110	-0.000	0.407
All homes and multifamily	-0.389	0.155	-0.000	0.378

The neighborhoods in 70125 include Broadmoor, Gert Town, and B. W. Cooper. Home to sixteen thousand residents, the areas highest profile landmark is Xavier University of Louisiana. It is also home to Eleanor McMain Secondary School and Dominican High School. One of its more recent development projects is the addition of Restaurant Depot on S. Broad Ave.

We estimate the correlation between changes in Airbnb activity and rental rates in the area, conditional on a non-Airbnb control group area. The high p-values in the final column of the Table indicate that the correlation between Airbnb and rental rates is indistinguishable from random sampling error.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70125.

Zip Code: 70126

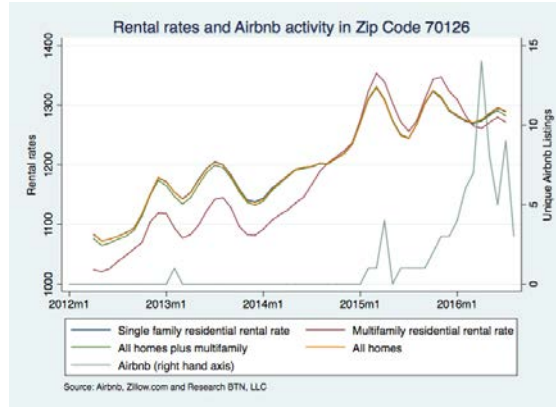


Table 11: Impact of Airbnb for Zip Code 70126

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.210	0.568	-0.001	0.639
Single-family	-0.202	0.411	-0.000	0.757
All homes	-0.188	0.467	-0.000	0.748
All homes and multifamily	-0.071	0.789	-0.000	0.743

The eastern half of Gentilly, and the Seabrook area in New Orleans East comprise the 70126 zip code. It is home to 23,327 residents, and contains Southern University New Orleans and the Lakefront Airport.

Rental prices have been climbing steadily in 70126. In the meantime, there are currently between five and ten Airbnb listings, with these only appearing in the last twelve months. Given this modest Airbnb presence it is unlikely that Airbnb has affected the rental market in the area. The high p-values in the table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70126.

Zip Code: 70127

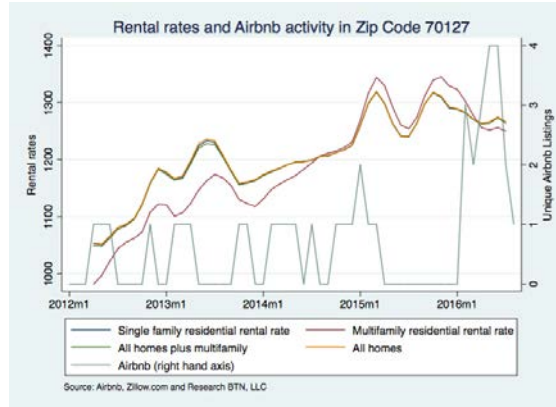


Table 12: Impact of Airbnb for Zip Code 70127

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.159	0.644	-0.003	0.300
Single-family	0.093	0.707	-0.001	0.607
All homes	0.120	0.642	-0.001	0.632
All homes and multifamily	0.190	0.465	-0.001	0.616

The 70127 zip code contains the part of New Orleans East between Crowder and Wright Rd. It includes part of Joe Brown Memorial Park, which itself contains The Audubon Louisiana Nature Center. It is primarily a residential area and does not receive much tourist traffic.

This zip code has few Airbnb listings, seldom numbering more than one or two each month. Given this modest Airbnb presence it is unlikely that Airbnb has affected the rental market in the area. The high p-values in the table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70127.

Zip Code: 70128

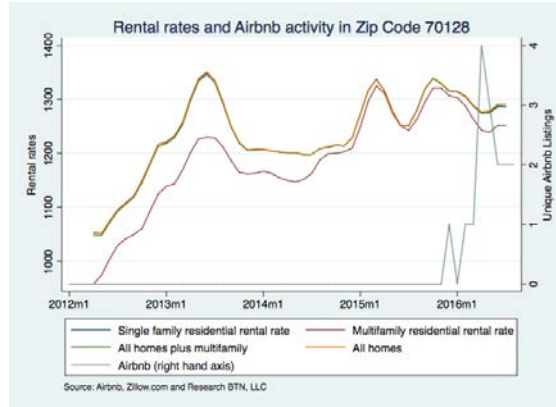


Table 13: Impact of Airbnb for Zip Code 70128

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	-0.382	0.288	-0.007	0.119
Single-family	0.410	0.174	-0.004	0.355
All homes	0.399	0.203	-0.004	0.377
All homes and multifamily	0.496	0.119	-0.004	0.407

The 70128 zip code is bisected East to West by I-10, and North-South by Bullard Ave. It contains the Read Boulevard East neighborhood and part of Little Woods. The Little Woods area has an above average vacancy rate, much of it long-term, indicating that there is weak demand for housing in the area.²²

The area seldom has more than two Airbnb listings, and these only in the past year. Given this modest Airbnb presence it is unlikely that Airbnb has affected the rental market in the area. The high p-values in the table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70128.

Zip Code: 70129

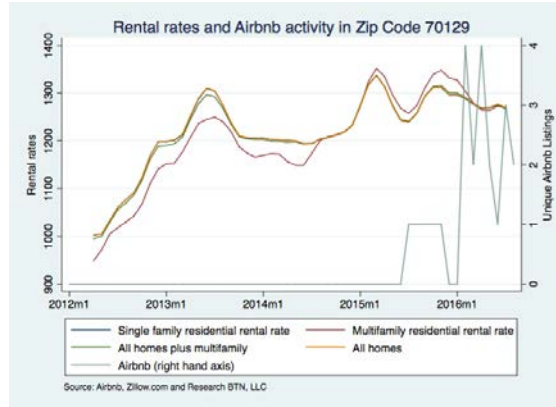


Table 14: Impact of Airbnb for Zip Code 70129

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	-0.481	0.222	-0.002	0.407
Single-family	0.356	0.233	-0.001	0.726
All homes	0.343	0.267	-0.001	0.724
All homes and multifamily	0.415	0.175	-0.001	0.710

At the eastern tip of New Orleans, the 70129 zip code is the home of the Village de L’Est neighborhood. Containing slightly fewer than ten thousand residents, it is the city’s third least populated zip code.

The 70129 zip code did not have any Airbnb presence before the middle of 2015, and current only supports two to four listings per month. Rents increased in this zip code, but far before any Airbnb posted any listings for this area. It is unlikely that Airbnb has affected the rental market in the area. The high p-values in the table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70129.

Zip Code: 70130

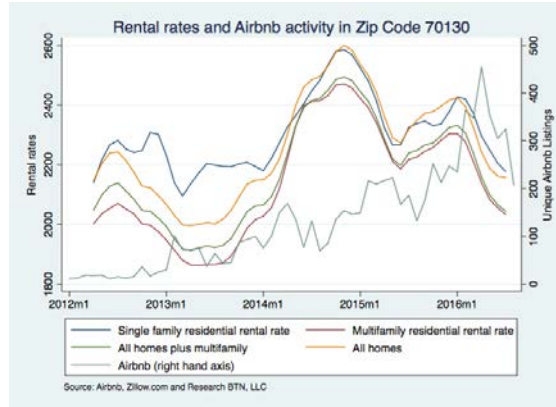


Table 15: Impact of Airbnb for Zip Code 70130

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	0.651	0.116	0.000	0.999
Single-family	0.295	0.379	-0.000	0.465
All homes	0.317	0.343	-0.000	0.554
All homes and multifamily	0.350	0.305	-0.000	0.750

The 70130 is one of the city’s most thriving areas. It is home to 13,870 residents. It contains parts of downtown New Orleans, most of the Garden District, the Lower Garden District, and the easternmost part of the Irish Channel.

Among the many tourist attractions are Harrah’s Casino, the Aquarium of the Americas, the Ernest N. Morial Convention Center, the National WWII Museum, and the Ogden Museum of Southern Art. Shoppers can indulge at Jax Brewery, the Riverwalk, and Canal Place. Or they can relax at Lafayette Square, or the Spanish Plaza.

One recent addition to the area’s rentable stock is the new Gallier Court Apartments, on Carondelet Street. The developer converted law offices into a boutique apartment building with one and two bedroom residences. The owner, “wanted to renovate the space because they believed the building was well positioned to take advantage of its location to Canal Street, the French Quarter and street car line and the Central Business District by providing residential and commercial space.”²³

Rental rates and Airbnb activity show little correlation in 70130. Rents were decreasing between 2012 and the beginning of 2014, increased until the beginning of

2015; they then dropped for several months before increasing for a few months, and then dropping more recently. In the meantime, Airbnb presence has been growing steadily, implying that the ups and downs in 70130's rental market are uncorrelated with Airbnb activity. The high p-values in the table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70130.

Zip Code: 70131

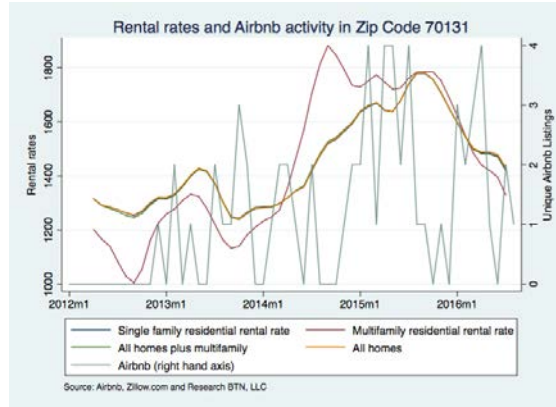


Table 16: Impact of Airbnb for Zip Code 70131

Rental type	Control		Airbnb	
	Beta	p-value	Beta	p-value
Multifamily	-0.786	0.370	-0.004	0.258
Single-family	0.525	0.181	-0.003	0.190
All homes	0.475	0.244	-0.003	0.184
All homes and multifamily	0.584	0.166	-0.003	0.217

The 70131 zip code includes the more suburban portion of Algiers, with almost thirty thousand people residing there. Its economy is heavily influenced by the West bank of Jefferson Parish. The premier neighborhood in 70131 is English Turn which was one of the first gated neighborhoods in the area with a private country club and competition quality golf course. Other subdivisions in 70131 include Tall Timbers, Park Timbers, Lakewood Estates, and Bocage.

This area has few Airbnb listings, never reaching above four in any given month. It is therefore unlikely that this modest Airbnb presence has affected rental rates in 70130. The low p-values in the Table above bear this out.

There is no statistically discernible correlation between changes in rents and Airbnb activity in 70131.

Conclusion

For each zip code in New Orleans, we investigated whether changes in rental prices are correlated with changes in Airbnb activity. We were unable to find any scientifically valid evidence that the two variables are correlated, and conclude that Airbnb has no discernible impact on rental prices in any of New Orleans' zip codes.

Notes

¹Available via <http://neworleanscitybusiness.com/blog/2016/09/07/new-orleans-among-larger-cities-with-fewest-apartments-in-the-works-report-says/>

²Source: <http://nextjuggernaut.com/blog/airbnb-business-model-canvas-how-airbnb-works-revenue-insights/>

³Available via http://www.nola.com/neighborhoods/2015/04/new_orleans_neighborhoods_73.html

⁴Source: <http://www.zillow.com/research/zillow-rent-index-methodology-2393/>

⁵Available via <http://neworleanscitybusiness.com/blog/2016/03/02/renovation-report-former-rault-center-transforms-into-boutique-hotel-this-summer/> and <http://neworleanscitybusiness.com/blog/2016/09/13/former-rault-center-on-track-to-reopen-as-boutique-hotel-this-fall/>

⁶Available via <http://neworleanscitybusiness.com/blog/2016/09/21/extended-stay-hotel-near-french-quarter-nears-completion/>

⁷Available via <http://neworleanscitybusiness.com/blog/2016/07/20/construction-begins-on-canal-street-high-rise-apartments/>

⁸Available via <http://www.bestofneworleans.com/gambit/new-orleans-hotels-expanding-outside-the-citys-tourism-core/Content?oid=3021276> and <http://midcitymessenger.com/2015/05/14/new-boutique-hotel-proposed-for-canal-street/>

⁹Available via http://www.nola.com/business/index.ssf/2013/11/biodistrict_fades_as_efforts_t.html

¹⁰Available via <http://neworleanscitybusiness.com/blog/2016/08/29/south-market-district-to-begin-work-on-new-condo-project/>

¹¹Available via http://www.nola.com/dining/index.ssf/2011/11/new_orleans_restaurants_have_t.html

¹²Available via <http://neworleanscitybusiness.com/blog/2016/08/30/renovation-report-good-counsel-school-changing-into-apartments/>

¹³Available via <http://neworleanscitybusiness.com/blog/category/news/construction-and-real-estate/page/9/>

¹⁴Available via http://www.nola.com/arts/index.ssf/2013/01/the_long_term_gentrification_o.html

¹⁵Available via <http://www.wdsu.com/article/n-rampart-stclaudes-streetcar-will-start-rolling-october-2/4282724>

¹⁶Available via <http://www.wdsu.com/article/n-rampart-stclaudes-streetcar-will-start-rolling-october-2/4282724>

¹⁷Available via <http://neworleanscitybusiness.com/blog/2016/09/09/developer-purchases-land-for-construction-of-bywater-hostel/>

¹⁸Available via <http://neworleanscitybusiness.com/blog/2016/05/05/renovation-report-former-sts-peter-and-paul-church-complex-to-become-boutique-hotel/>

¹⁹Available via <http://neworleanscitybusiness.com/blog/2016/09/20/marigny-warehouse-sells-for-3-5m-to-hotel-developers/>

²⁰Available via <http://www.bestofneworleans.com/gambit/new-orleans-hotels-expanding-outside-the-citys-tourism-core/Content?oid=3021276>

²¹Available via http://www.nola.com/arts/index.ssf/2015/08/the_joan_mitchell_center_125_m.html

²²Available via <https://www.neighborhoodscout.com/la/new-orleans/little-woods/>

²³Available via <http://neworleanscitybusiness.com/blog/2016/04/04/renovation-report-cbd-law-offices-convert-into-gallier-court-apartments/>