



REPORT | NOVEMBER 2016

How Airbnb Can Help Combat the Rising Tide of Student Debt

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Executive Summary

Student loan debt is an increasing burden on Americans. Federal loans now total over 1.26 trillion dollars-- more than double the figure in 2008 and triple the amount in 2004.¹

The crushing combination of student debt and sky-high rent-- the typical young worker in NYC spends more than 40 percent of her income in rent-- will not be solved overnight. However, home sharing can provide an additional source of income for New Yorkers facing student debt challenges-- both new graduates and parents and grandparents pitching in to make loan payments for their children and grandchildren's educations.

This report details data on Millennial hosts (35 years of age or younger) in New York City-- a group that has been profoundly affected by the increase in student debt.² According to a recent report from the New York City Comptroller's Office, City residents under the age of 30 owed approximately \$14 billion in student debt in 2014.³

As more New Yorkers are finding that home sharing is a way to cover key expenses including student debt, the typical annual earning for a Millennial host in NYC is \$6,008 which represents nearly 20% of the average student debt burden of New York graduates.

Other key findings include:

- There are over 21,000 Millennial hosts in New York City.
- Millennial hosts in NYC earned nearly \$158 million during the year ending July 1, 2016.
- Millennial hosts represent the majority of hosts in every borough except Staten Island, with nearly two-thirds of Manhattan hosts being 35 years of age or younger.
- Millennials are more likely to list a private or shared space (51 percent) than all NYC hosts (46 percent).
- Millennial hosts represented 63 percent of all booked hosts and earned 52 percent of all NYC host earnings during the year ending July 1, 2016.
- The typical Millennial listing was booked 37 nights during the past year, compared to 45 nights for listings by all hosts in New York City.

¹ U.S. Department of Education, "[Federal Student Loan Portfolio](#)"; Brown, Haughwout, Lee, Scally, and van der Klaauw, "[The Student Loan Landscape](#)," *The Federal Reserve Bank of New York* (18 Feb. 2015).

² We use the same definition for Millennials as the *Pew Research Center*: individuals born between 1981-1997. See: Richard Fry, "[Millennials overtake Baby Boomers as America's largest generation](#)," *Pew Research* (25 Apr. 2016).

³ New York City Comptroller's Office, "[New York City's Millennials in Recession and Recovery](#)," April 2016.

THE RISING TIDE OF STUDENT DEBT

Student loans now comprise the second largest form of consumer debt behind home mortgages, with many families utilizing home equity loans, credit cards, and loans from retirement plans to pay for educational expenses.⁴ As a result, debt incurred for higher education may actually be much larger than the \$1.26 trillion estimate.⁵

This rising tide of debt has hit young people particularly hard. The Federal Reserve Bank of New York found that the share of 25-year-old Americans with student debt increased from 25 percent in 2003 to 43 percent in 2012 and that total student loan balances held by borrowers under 30 increased at nearly a 10 percent annual rate between 2005 and 2014, reaching \$369 billion.⁶

The chart below shows how debt has soared over the last decade, with nearly two-thirds of student debt shouldered by people under the age of 40 as of 2014.

TABLE 1: Nationwide, Total Student Loan Balances by Age Group (Billions of Dollars)⁷

	< 30	30-39	40-49	50-59	60+	unknown	Total
2004	146.0	114.0	49.2	30.9	6.1	0.9	\$347.1 B
2005	161.0	129.0	55.6	38.3	8.2	0.7	\$392.8 B
2006	194.0	154.0	69.4	47.9	13.2	0.3	\$478.8 B
2007	217.0	171.0	81.7	55.4	15.8	0.4	\$541.3 B
2008	248.0	202.0	95.7	67.1	20.0	0.5	\$633.3 B
2009	273.0	229.0	109.0	77.7	25.0	0.7	\$714.4 B
2010	299.0	257.0	127.0	90.5	29.1	0.9	\$803.5 B
2011	312.0	281.0	140.0	97.2	35.2	0.9	\$866.3 B
2012	320.0	320.0	163.0	113.0	42.6	1.3	\$959.9 B
2013	356.0	354.0	184.0	126.0	49.4	1.6	\$1,071.0 B
2014	369	383	208	136	58	1.83	\$1,155.5 B

⁴ Rohit Chopra, "[Student Debt Swells, Federal Loans Now Top a Trillion](#)," *Consumer Financial Protection Bureau* (17 Jul. 2013); Josh Mitchell, "[More Than 40% of Student Borrowers Aren't Making Payments](#)," *Wall Street Journal* (7 Apr. 2016); U.S. Department of Education, "[Federal Student Loan Portfolio](#)."

⁵ *Id.*

⁶ "[The Student Loan Landscape](#)."

⁷ U.S. Department of Education, "[Federal Student Loan Portfolio](#)."

Regardless of age, millions of people are finding it increasingly difficult to keep pace with student debt. In fact, 43 percent of the roughly 22 million Americans with federal student loans weren't making payments as of January 1, 2016, including one in six borrowers who were in default, meaning they had gone at least a year without making a payment.

New York State residents face particularly high student debt loads. The U.S. Department of Education estimates that as of January 2015, 2.8 million New Yorkers collectively owe \$77.5 billion in student loans, the third highest of any state, with student loan debt per borrower rising from \$22,000 in 2006 to \$32,200 in 2015, according to the New York State Comptroller.⁸ This increase in debt has directly contributed to a 30 percent increase in the delinquency rate among New York student loan borrowers.

Not only are young Americans grappling with higher student debt, but they are also entering red hot housing markets that have driven rents beyond the reach of many new graduates.

Nationwide, the typical worker from 22 to 34 years old paid 30 percent of income for rent-- the typical threshold of "affordability"--in the first quarter of 2015, up from 23 percent in 1979.⁹ As shown in the chart below based on data provided by Zillow, this trend has touched every corner of the nation.¹⁰

Rents in New York City stopped being "affordable" for the typical young worker in 2004 and have only continued to soar since then.

Today, the typical young worker in NYC spends more than 40 percent of her income in rent and many others can't afford to move to the city in the first place.

Indeed, as of the end of 2015, New York City had the third highest gap between median income and the income needed to affordably rent an apartment, trailing only the SF/SJ corridor and Washington, D.C.¹¹

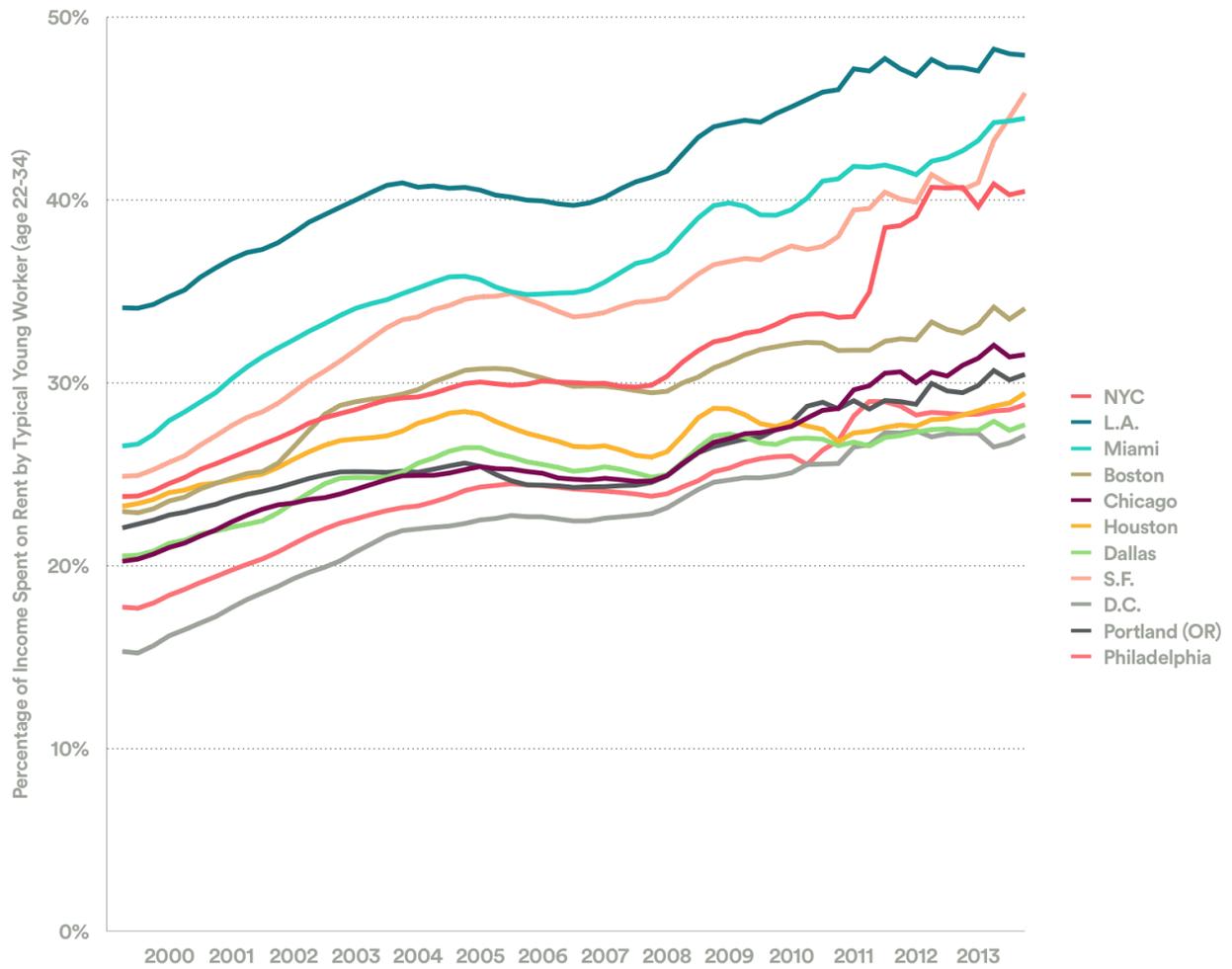
⁸ Office of the New York State Comptroller, "[Student Loan Debt in New York State](#)," (Sep. 2016); Ashley Hupel, "[DiNapoli: New York Needs to Confront the Rising Student Debt Burden](#)," *City & State* (20 Sep. 2016).

⁹ Patrick Clark, "[The Exact Moment Big Cities Got Too Expensive for Millennials](#)," *Bloomberg Businessweek* (15 Jul. 2015); It is important to recognize that high rents have affected all Americans, not just Millennials. A recent [study](#) by the Joint Center for Housing Studies at Harvard University found that about half of all renters in the U.S. are using more than 30 percent of their income to cover housing costs, and about 25 percent have rent that exceeds 50 percent of their monthly pay.

¹⁰ Skylar Olsen, "[Homeownership is Affordable for First-Time Buyers, If They Can Clear Hurdles](#)," *Zillow* (9 Dec. 2014).

¹¹ Svenja Gudell, "[The U.S. Housing Affordability Crisis](#)," *Zillow* (11 Apr. 2016).

CHART 1: Percentage of Income Spent on Rent by Typical Young Worker (age 22-34), by Metro Area (2000-2014)



DATA ON MILLENNIAL HOSTS

The median age of Airbnb hosts in New York City is 32. As a result, while we cannot know with certainty how many Airbnb users face student debt, the demographics of the host community suggest that our hosts are particularly susceptible to the trends described above.

In this section, we examine key statistics about “Millennial” host activity on Airbnb. We use the same definition for Millennials as the Pew Research Center: individuals born between 1981-1997.¹²

As shown in Table 1, there are over 21,000 Millennial hosts in New York City.

This subgroup represents the majority of hosts in every borough except Staten Island, with nearly two-thirds of Manhattan hosts being 35 years of age or younger. These hosts are also more likely to list a private or shared space (51 percent) than all NYC hosts (46 percent).

TABLE 2: Active Millennial Hosts in New York City by Borough (July 1, 2016)

Borough	Total Active Hosts	% of NYC Millennial Hosts	% of All NYC Hosts in Borough	% Listing Entire Homes	Private Rooms + Shared Spaces
Bronx	200	1%	50%	30%	70%
Brooklyn	8,400	39%	62%	39%	61%
Manhattan	11,500	53%	64%	58%	42%
Queens	1,400	6%	55%	36%	64%
Staten Island	<100	0.2%	28%	37%	63%
Unknown ¹³	300	1%	67%	46%	54%
Total	21,600	100%	62%	49%	51%

¹² Richard Fry, “[Millennials overtake Baby Boomers as America’s largest generation](#),” *Pew Research* (25 Apr. 2016).

¹³ This category includes listings for which Airbnb does not have complete address information or zip code information.

Table 3 highlights host earnings among Millennials in NYC.

TABLE 3: Millennial Host Earnings by Borough (July 1, 2015 - July 1, 2016)

Borough	Total Host Earnings	% of Host Earnings by Borough
Bronx	\$760,000	<1%
Brooklyn	\$39,090,000	25%
Manhattan	\$111,310,000	71%
Queens	\$6,150,000	4%
Staten Island	\$100,000	<1%
Unknown	\$410,000	<1%
Overall	\$157,820,000	100%

- Millennial hosts, who represented 63 percent of all booked hosts, earned 52 percent of all NYC host earnings between July 1, 2015 and July 1, 2016.
- The typical Millennial host earned \$6,008 in the past 12 months compared to \$6,776 for all hosts in New York City. This means that the typical Millennial host could pay down nearly 20% of the average student debt load with just one year of home sharing.
- The typical Millennial listing was booked 37 nights, compared to 45 nights for listings by all hosts in New York City.

HOST STORIES

Below are the stories of several New York City Airbnb hosts who are using home sharing to pay the cost of higher education, allowing them to afford to live, work, and study in the five boroughs.¹⁴

Hannah: Crown Heights, Brooklyn

Hannah is on the leadership team of a middle school in East Harlem, providing professional development to educators and helping families choose the best possible high schools for their needs.

She lives with her domestic partner in a one-bedroom apartment in Crown Heights. About a year ago, they decided to host on Airbnb, listing their apartment for rent when visiting family for a weekend or travelling during Hannah's Spring break.



Student loans and the high cost of living in New York were major factors in their decision to share their home.

“Student debt is a huge driver. We have significant college loans to pay off every month. After bills are paid and after we make that student loan payment, there wasn't much left.”

Today, Hannah and her partner are opening their doors (and sharing their signature cold brew) for travelers from across the country and around the world-- from a family dropping off their son at NYU to a musician who wanted to shoot his music video in Crown Heights.

In so doing, they are not only bringing in much needed income to pay their loans, but also generating significant economic opportunity for their favorite local small businesses.

¹⁴ Sarah Kessler, “[College Students are Renting their Dorm Rooms on Airbnb](#),” Fast Company (16 Dec. 2015); Brianna McGurran, “[5 Ways to Pay Off Your Student Loans Fast](#),” Nerd Wallet (8 Mar. 2016); Lauren Bowling, “[4 Ways Your Home Can Help You Pay Off Student Debt](#),” Student Loan Hero (16 Mar. 2016).

“I give a long list of restaurants and bars nearby,” Hannah said, including her favorite jerk chicken stand on the corner. “Most people don’t come out to Crown Heights and it helps to have something other than Yelp to guide your restaurant choices.”

Hannah hopes that the supplemental income from home sharing will one day make graduate school a reality.

Curtis: Yorkville, Manhattan



Curtis is a Cornell University graduate and a student at Weill-Cornell Medical Center, where he is finishing his doctorate. His studies focus on psychiatry, particularly substance abuse and trauma within the HIV-positive population.

A violinist, Curtis has been performing for over 20 years, including with a consortium of Black musicians in Harlem and in a Music and Medicine collaboration with Juilliard and Weill Cornell Medical College.

Curtis began hosting as a way to share his New York experiences with guests and earn extra income to help pay for his rent and student expenses.

David: Bedford-Stuyvesant, Brooklyn

David is a retired pilot and the owner of a Bed-Stuy brownstone that was built in 1891. He has lived in the neighborhood for over almost 40 years and proudly helped to increase the number of street trees on his block.

David raised five children in his home, all of whom are now adults who have their own children and families. His home has been empty for 13 years so he decided to share it and make some extra income to maintain and help pay his grandchildren's way through college.

Brandon: Downtown Brooklyn

Brandon has lived in Downtown Brooklyn for six years.

He recently finished trade school for carpentry and hopes to go to the Pratt Institute for construction management.

In addition to a modeling career, Brandon uses Airbnb to help pay for his education-- putting him one step closer to achieving his dream of building his own bed and breakfast on his grandparents' farm in Oklahoma.

Brandon typically rents out his apartment on weekends when he is out of town and loves to share his favorite restaurants and shops on Henry Street and Clark Street with guests from all over the world. He has even introduced Airbnb to several of his neighbors.



ADDITIONAL HOST LETTERS

This summer, Airbnb hosts spoke out forcefully against draconian legislation in Albany that threatens to undermine home sharing. Many of these hosts mentioned student loans as one of many factors that led them to share their homes. A sample of those letters appears below.

Michelle M.

As a New York resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals.

The costs of living in New York continue to skyrocket, and it's quickly pushing out the middle working class of professionals who live, love & work in this city. As a young professional seven years into my career, home sharing helps me afford the significant increases in the cost of housing, while managing the student loan debt I'm burdened by like many other millennials.

I frequently travel with my partner who is a professional musician, and sharing my apartment on occasion while I'm out of town makes logical sense.

[How Airbnb Can Help Combat the Rising Tide of Student Debt]

Furthermore, occasionally sharing my home should not economically burden these hotel companies lobbying against home sharing, because the few guests I've hosted told me they wouldn't have been able to afford the astronomical rates hotels charge in the city.

Home sharing helps hosts make ends meet, and also gives other Americans the opportunity to experience New York City, because they wouldn't be able to afford it otherwise.

Our purpose in home sharing is simply to manage the increase in New York's cost of living which is far surpassing the increases in our wages.

Overall, throughout New York, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

A hotel-funded group is trying to end home sharing as we know it. I'm asking for your support in creating fair and clear regulations so New Yorkers like me can continue to use home sharing to make ends meet.

Thank you so much.

Catherine K.

I was recently unexpectedly fired from my job as an attorney, and with the massive amount of student loans I had to rely on for my J.D., I spent nearly all of my salary as a junior associate on paying those back rather than saving for an emergency fund.

My rent is reasonable but the only revenue stream I now have comes from renting out an extra bed in my living room nearly every night. I am a perfect host (based on my reviews) and comply with NY city and state regs (i.e. I am always home when hosting and have not rented a second property as an "undercover hotel") - I'm just a regular New Yorker trying to make ends meet during a rough time.

Please support constituents like me who rely on this as a source of income to pay for basic necessities like rent, food, and public transit while being respectful of the legal and policy issues underlying the legislature's ongoing debate about Airbnb. Thank you very much.

Bryan F.

As a New York resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals.

I'm a law student and taking in enormous amounts of debt for tuition and living expenses. It still isn't enough though. I need Airbnb to subsidize my living expenses. It gives me the peace of mind to devote my time to studying without having to take an extra job.

Throughout New York, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

A hotel-funded group is trying to end home sharing as we know it. I'm asking for your support in creating fair and clear regulations so New Yorkers like me can continue to use home sharing to make ends meet.

Julie H.

I'm a 29 year-old, who has worked and diligently paid taxes since I was 15 years-old. After acquiring excessive student loan debt for an accounting degree from a public university, I had a job making \$100K. In Manhattan, that \$100K is taxed roughly 40%. Last month, I lost my job. Because I had already made \$23K in the taxable year, I disqualified for any government assistance...at all, even though I've paid taxes for 15 years! The only way I was able to cover the costs through the difficult time was by using Airbnb. I was very thankful to have this resource, so please do not deprive residents of Airbnb services.

Afton M.

AIR B&B has saved my life by allowing me to supplement my meager income to pay down \$100,000 in student loans over the past few years. Without this home share ability I would be broke and unable to survive in NYS. I pay taxes every year on the income - please keep this program and save the middle class.

Abigail S.

As a New York resident, voter, MBA student at Columbia Business School, startup founder, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals.

Throughout New York, Airbnb is helping students and entrepreneurs like myself make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

Getting an MBA costs about \$200,000, and thought I have received scholarships, they do not cover the cost and I have nearly \$100,000 in student loans. Airbnb helps to pay my bills while I build my own company (here in NYC!).

A hotel-funded group is trying to end home sharing as we know it. I'm asking for your support in creating fair and clear regulations so New Yorkers like me can continue to use home sharing to make ends meet.

Ned L.

I personally benefited from using Airbnb to offset my \$150k plus grad student loan debt burden after moving back to NYC.

The average New Yorker who occasionally shares their home to make some extra money should not be treated the same as illegal hotel operators, but this bill would do just that. Imposing unfair fines on regular New Yorkers just for listing their own homes is not solve any real or perceived problems related to home sharing.

I urge you to do whatever you can do to stop this bill from becoming law. Hundreds of thousands of New Yorkers support home sharing. While there are legitimate concerns that have been raised about illegal hotels, we need a thoughtful, comprehensive regulatory approach that protects responsible actors and weeds out the bad actors.

This bill does not represent that approach. At a time when the cost of living is rising and wages are stagnant, we must focus on ways to help New Yorkers improve their economic well-being, rather than promoting bills that make it even harder to live here. Please vote no.

CONCLUSION

Millennials graduated into the worst financial crisis since the Great Depression. Many continue to play catch up, still weighed down by mounting student debt and sky-high rents in many of America's cities, including New York.

Home sharing can help provide supplemental income to these young people, as well as older Americans helping their children and grandchildren pay the costs of higher education.

This revenue stream will not only help reduce the burden of college debt, but will also ensure that our cities-- from the Big Apple to the City of Angels-- continue to be aspirational destinations for young people across the country and around the world, drawn by their unparalleled diversity and their limitless sense of possibility.