

# Homes better than short term lets for the city's economy

**Residential properties make a greater contribution to Edinburgh's economy than short-term lets, a study has found.**

The 'gross value added' (GVA) calculated by homes is higher than Airbnb-style accommodation "across all property types and all areas," research commissioned by The City of Edinburgh Council concluded.

Although in most cases a holiday let creates more employment opportunities, a report summarising findings said tourism jobs "are not as valuable in GVA terms as other economic activity in the city".

The council's chief planner stressed it was "only one source of information" looking at the "generalities of the situation across the city rather than the specifics of individual cases" however.

Titled *Economic Impact of Residential and Short-Term Let Properties in Edinburgh*, the study was completed by MKA Economics in response to the city's crackdown on short-term stay accommodation – and in particular a new planning policy which states conversion of a property for the purpose will not be supported if there is 'loss of residential accommodation which is not outweighed by demonstrable local economic benefits'.

STL operators have to obtain planning permission as part of a new licensing scheme, which is expected to result in a large

number of properties being returned to residential use.

The report said: “The gross value added effects are greater for residential uses than short-term lets across all property types and all areas.

“Although it is noted that the employment effects are greater for short-term lets in most cases, however, although tourism jobs are valuable, they are not as valuable in GVA terms as other economic activity in the city.”

Analysis showed the average GVA for a three-bedroom residential property in the capital was £19,699 compared to £12,288 for an STL.

In the city centre where the greatest concentration of holiday lets are the GVA – a measure of contribution to GDP – was £32,841 for a five-bedroom home with permanent residents and £22,412 for a holiday let of the same size.

The report added: “In recent years, there has been a trend of residential properties in Edinburgh and Scotland being formally and informally repurposed as short-term holiday letting properties.

All businesses, and the residents, and businesses in the tourism sector are facing significant economic challenges as a result of the ongoing cost of living crisis, and the results presented in this section will continue to change throughout 2023 and beyond.”

The study’s findings were presented to the council’s planning committee on Wednesday (June 15).

David Givan, chief planning officer, said: “The work that the independent consultants has produced, the findings of that are indicating that the GVA effects are greater for residential uses.

“However – and it’s an important however – the findings of the

report are only one source of information, the report is looking at the generalities of the situation across the city rather than the specifics of individual cases and what that means is that it's likely that only limited weight can be attached to it as a material consideration in the respect of individual planning applications.

"The other thing to bear in mind is the report has been prepared at a point in time and of course circumstances can change.

"One of the things the report looks at is the occupancy rate for short-term lets and if the number of short-term lets in the city were to reduce there is potential that the occupancy rates might rise and therefore the economic value of the short-term lets could increase as a result.

"We're also noting that if we continue to receive relatively large number of applications we may seek to update the economic report in due course."

*by Donald Turvill, Local Democracy Reporter.*

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