Challenging Collaborative Consumption at a Critical Juncture:

Airbnb in the Matrix of Gentrification and Colonization

by

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AUTHOR’S DECLARATION

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

I understand that my thesis may be made electronically available to the public.
ABSTRACT

Ten years since the nationwide J14 housing protests against Israel’s increasing cost of living, affordable housing remains just as scarce, even prompting some city-dwellers to seek cheaper living in West Bank settlements – a military-occupied Palestinian Territory. Given that Israel is often called the Start-Up Nation, Airbnb’s rise in Tel Aviv-Yaffo and West Bank settlements was exceptional. Thus, my thesis aims to determine Airbnb’s role in the Tel Aviv-Yaffo housing crisis and the West Bank settlement economy. My research demonstrates the ways in which Airbnb accelerates the existing historic trends in Tel Aviv-Yaffo and the West Bank by introducing new capital flows via the sharing platforms.

While existing Israeli literature on Airbnb’s activity in Tel Aviv-Yaffo has done an adequate job of addressing the phenomenon as a policy and legal issue, none have understood it within Israel-Palestine’s gentrification-colonization matrix. My contribution is applying Anglo gentrification literature to consider how these activities unfold in particular ways within Israel-Palestine’s unique colonial context. Through a post-colonial lens, my thesis reveals how Airbnb has exacerbated the housing crisis by converting residential units into illegal hotels, displaced marginalized Jews in south Tel Aviv-Yaffo, turned human rights violations into tourist attractions, and further displaced Palestinian Arabs living both within and outside the Green Line.
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INTRODUCTION

In the past few years, the sharing economy has gained major traction for its potential to broaden the scope of self-employment opportunities, build a sense of community, create environmental sustainability, lower the costs of services, and foster sustainable consumption. These qualities are precisely what have made the sharing economy appeal to the Israeli-Palestinian market, as the availability of land and ethnic-divisions has long been a socio-economic obstacle, especially now when the nation is facing a housing shortage. In light of this, my master’s research asks the following question: What role does Airbnb play in Tel Aviv-Yaffo’s housing crisis and the West Bank settlement economy?

Israel has a lot of potential as an important case study for the sharing economy. While many countries face these issues today, Israel is at a critical juncture with its housing market. Not much has changed since the 2011 cost of living protests, especially in Tel Aviv-Yaffo. Almost a decade after the nation-wide demonstrations occurred, a 2021 issue of The Economist listed Tel Aviv-Yaffo as the fifth most expensive city in the world in cost of living — “ahead of New York City and Geneva.”

As importantly, the housing crisis and gentrification in Israel unfolded within the context of colonization and settlement-building. Not only does the gentrification and the high-cost of living within the Green Line lead Jewish Israeli citizens to opt for living in the settlements, but then some of these settlements become Airbnbs. The sharing economy presents itself as a new

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3 “The Green Line or the pre-1967 border or 1949 Armistice border, is the demarcation line set out in the 1949 Armistice Agreements between the armies of Israel and those of its neighbors (Egypt, Jordan, Lebanon and Syria)
way of understanding colonialism, as West Bank settlers list their homes on Airbnb, displace indigenous Palestinians, and financially profit from their displacement via the sharing platforms. In turn, settler-run Airbnbs in Palestine have led to the normalization of the Occupation.

According to anthropologist, Rebecca Stein:

In the last few years, by extension, the Israeli demand for leisure opportunities in Jewish settlements in the Palestinian West Bank has grown markedly. Settler entrepreneurs and families seeking extra income increasingly court both Israeli and international tourists with the promise of serene landscapes, wine tasting, and spacious accommodations at reduced prices. 4

This phenomenon provides new understandings of land conflicts and displacement found at the intersections of tourism, colonialism, and gentrification.

The sharing economy has had a real rise in many nations with high tech-sectors, such as Canada, the United States, and Germany. 5 It is best defined as an economy that uses a range of “platforms” which link peer-providers to peer-consumers (e.g. Airbnb and WeWork) and allow people to consume under-utilized resources collaboratively. 6 Technology plays a major role in this economic model, as the very existence of the shared economy is completely reliant on sharing-based technology, platforms, communities, creation, sales, purchases, and ownership.


4 Rebecca L. Stein, “#StolenHomes: Israeli Tourism and/as Military Occupation in Historical Perspective,” American Quarterly 68, no. 3 (2016): 545.


in the sharing economy.\textsuperscript{7} My interest in the Israel-Palestine case is in demonstrating the extent to which the sharing economy not only deregulates markets (about which there is a good deal of literature already) but that it may also play a role – even if indirect – in in the complex matrix of land-based or territorial conflicts.

My research explores the impact of the sharing economy’s role as an obstacle to affordable housing access for residents in Tel Aviv-Yaffo which while indirect may be used to trace the expansion of settlements in Palestine. More specifically, my thesis demonstrates that Airbnb has led to a rent price increase in Tel Aviv-Yaffo, leading to Netanyahu’s government politicizing settlements as affordable housing options, which resulted in an increase in West Bank funding – against the wishes of Israeli citizens living within the Green Line. The aim of my research is to fit Airbnb’s deregulation of the housing market and displacement of marginalized neighbourhoods into the wider dynamics and historic trends of Israel-Palestine (i.e. colonization and settlement-building). Existing Israeli literature on Airbnb has adequately explained the ways in which Airbnb’s activities have impacted or been a result of deregulation and municipal public policy, but I will be applying the American/Anglo Airbnb literature to consider how these activities unfolds in particular ways within the colonial context. My thesis draws on existing policy-based, scholarly and activist literature to develop my analytical framework.

**Thesis Structure**

Chapter I is divided into three parts, each devoted to explaining Israel’s nation building project via housing and the ways in which it has led to the 2011 housing protests. The first part

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examines how the Israel Land Administration (ILA), an Israeli government authority responsible for managing land in Israel that is in the public domain, created segregated Ashkenazi, Mizrahi and Palestinian communities through the provision of public housing. The second part explains the history of state-funded occupation in the West Bank and the financial incentives for displaced Jewish Israeli citizens to move into these settlements. The third part examines how the housing prices and the cost of living have been increasing at such an alarming rate that Israel, in particular in Tel Aviv-Yaffo, is faced with a housing crisis. The 2011 J14 nation-wide protests focused on these issues, however, marginalized groups within the protests also voiced their concerns around the state-engineered ghettos they have been forced to live in, the gentrification of their neighbourhoods, and the obstacles the state has placed on these groups for buying a new home. Netanyahu’s Knesset responded to these cost-of-living demonstrations by creating the demanded welfare state – only outside the Green Line.

Chapter II examines the existing literature on the sharing economy, Airbnb, homeownership, gentrification, transnational gentrification and introduces the analytical framework for the thesis. Building on stage theory, the rent gap model, and existing Israeli studies of sharing platforms, this research is interested in understanding the connection between colonization and gentrification through Airbnb’s impact on city-to-settlement migration in Israel-Palestine. Following urban scholars Sigler and Waschmuth, my thesis looks at Airbnb’s activities as a part of a transnational gentrification process “that connects leisure-driven migration to spatially distant neighbourhood reinvestment schemes that existing local demand may not have allowed for.”8 While Israeli scholars have fittingly examined the lack of regulations and the housing shortage in Tel Aviv-Yaffo that have allowed for Airbnb to flourish in the city, none

have identified the relationship between the gentrification in Tel Aviv-Yaffo to the colonization of the West Bank. Thus, I will be applying the American/Anglo Airbnb literature on gentrification and colonization to consider how Airbnb activities unfold in particular ways within the colonial context.

Chapter III provides detail on my data collection strategy, the tables listed in the Appendices, and my data sources. This section is broken up into two parts: the measurements used to calculate the gentrification occurring in Tel Aviv-Yaffo via Airbnb and the measurements used to calculate the colonization of the West Bank via Airbnb.

Chapter IV opens up with a demonstration of the exceptional scope of Airbnb activities in Tel Aviv-Yaffo compared to other major cities. Then, this section goes through existing Israeli literature on Airbnb to examine why Tel Aviv-Yaffo has been impacted by Airbnb more than any other major city in the world and what is driving the Airbnb’ization. The main focus on this section is how Airbnb has impacted the housing market in Tel Aviv-Yaffo. First, the lack or regulations and the profit potentials have created a new class of landlords – the Airbnb entrepreneurs. In Tel Aviv-Yaffo, in particular, the majority of Airbnb hosts have multiple listings on the platform, and some have even turned entire building complexes into illegal hotels. The conversion of residential rental properties into hotels has decreased the housing supply in the city and increased rent prices. The flood of global tourists has shifted the focus of local businesses to the tourists as their new customer base and most of the prices in the area have increased. In particular, Airbnb presents itself as the affordable option for short-term accommodations, so many of the Airbnb listings are in neighbourhoods with cheaper rent; thus, Airbnb disproportionally affects marginalized neighbourhoods populated with mostly Mizrahi Jews, Yemenite Jews, and Palestinian Arabs.
However, the Israel-Palestine is a unique historical context in which the line between gentrification and colonization is often blurred. Many of the neighbourhoods being gentrified in Israeli urban centres are Palestinian neighbourhoods, which is an obstacle for Israeli and Palestinian scholars when seeking to make a distinction between the two processes. However, this thesis will allow the distinction between gentrification and colonization to remain in a grey area to demonstrate that the processes are highly interlinked in the case of Israel-Palestine.9

Chapter V demonstrates that some Tel Aviv-Yaffo residents displaced by neoliberal municipal policies and Airbnb’s exploitation of their neighbourhoods have increasingly begun moving to the West Bank. Then, this section examines the ways in which Airbnb listings in the West Bank normalize the occupation through tourism and Netanyahu’s politicization of West Bank settlements as the suburbs of Israel, rather than a militarized occupation of Palestine.

In light of current social struggles over access to housing and social justice in Israel, the conclusion summarizes the overarching argument and reflects on the impact the pandemic may have on Airbnb’s activities in the region.

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9 However, the gentrification of Palestinian neighbourhoods in Israel is no less a case of colonization than the building of settlements in occupied Palestinian territories.
CHAPTER I: HISTORICAL BACKGROUND

Part I: Nation-Building via Housing

Government housing programs and policies were important to Israel’s goal of defining itself as a Jewish (yet segregated) homeland. In “Myth of the Benevolent State”, Marcuse examines U.S. national housing policies to demonstrate the mechanisms of the state-citizen contract as exploitative rather than benevolent.\(^\text{10}\) He explains that while nation-states claim to be benevolent institutions serving their citizens, they use the very basic terms of the social contract – like housing – to dominate, rather than care for, their citizens.\(^\text{11}\) In the case of Israel especially, housing policies have always been created to support if also manage the various waves of Jewish immigrants and the existing Palestinian population.

Housing is not only a representation or symbol of the nation. It is equipment, a tool with which subjects (i.e. citizens) are formed, values are inscribed, and class struggle, in the broadest sense, is waged.\(^\text{12}\) For a newly formed state such as Israel, housing was not simply built to shelter Jewish immigrants, but a means to claim territory. Housing embodies the nation-state’s idea of what it means to “be at home” as a member of the imagined community of the nation.\(^\text{13}\) More than any other built form, then, housing and the ways in which it is distributed can serve as a tool for questioning the modern nation-state as a cultural-political institution.

Israel’s political and ideological-cultural foundation is Zionism, the Jewish nationalist movement that supports the re-establishment of a Jewish homeland in the territory deemed as the historic Land of Israel. Prior to 1948, Zionism was only a reactionary utopia, but after the

\(^\text{11}\) Marcuse.
Holocaust, it gained immense traction as there began mass immigration of Jews to this “safe” state. The interrelation of the national home and the individual house is central to Zionism as ideology and as a regime. In her book “Building a Homeland”, architect Yael Allweil explains that, “Israel’s housing regime was intended to provide housing for each citizen as a fulfillment of the right of each Jew to the ancestral homeland in which he or she was being ‘re-rooted’.”

In this view of things, which has been operative since the 1860s, producing a national home requires the housing of Jewish nationals. This is a condition for their transformation into self-governing members to a legitimate state; however, this has always been at the cost of the Mizrahim and Palestinian Arabic population.

**State Engineered Segregation**

With the establishment of the state of Israel in 1948, the segregation of communities based on ethnic and religious identities was formally regulated, after a war that displaced approximately 700,000 Palestinians who either escaped or were forced to leave from at least 350 villages. Nearly 200,000 Palestinians remained in Israel, however, most lived in the northern peripheries of the state, in the Negev, and Galilee. After 1948, hundreds of thousands of Mizrahi immigrants, primarily from Africa and the Arab world, arrived in Israel, tripling the population of Jewish citizens within a decade.

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15 Allweil, “Building a Home-Land.”
16 Mizrahim are descendants of local Jewish communities in the Muslim countries in Asia and North Africa.
By the early 1960s, the state had both ownership and control of 93 percent of all the land that had been occupied in 1948, all of which was supposed to be maintained as public domain. However, as Alexander Kedar noted in his research on the “transformation” of land ownership in the period after the war, the Israel Land Administration (ILA), which is the government agency responsible for managing national landholdings, does not have a single Palestinian representative among its 22 Board members: 12 are from government ministries and 10 are representatives of the Jewish National Fund. This lack of representation in a key government planning organizations is also reflected in how the state provisioned public housing.

**Development Towns**

The ILA initially constructed Israel so it would not have inner cities, as much as it would outer cities which Israeli scholars today call “development towns.” Development towns were created by the ILA to provide permanent housing for the massive wave of Holocaust survivors as well as Jewish immigrants primarily from African countries including Yemen, Egypt, and Morocco. According to geographer Oren Yiftachel and many others, the state placed migrant Jews on the peripheries of the country as a way to both occupy these regions and to control Jewish and Palestinian demographics particularly in areas around the 1949 Green Line. Moreover, in the 1950s, the state intended for these development towns to play an economic function by subsidizing and supporting the creation of low-skilled manufacturing industries. The

kibbutzim model, which was primarily founded by and for Ashkenazi Jews, played a similar function to the development towns. By the 1970s, Israel faced a major economic recession and much of the country, except for the development towns and kibbutzim, began transitioning into a post-industrial economy. This created mass unemployment for residents in the development towns, which in turn, led to “high levels of poverty and welfare dependency, single motherhood, depression, alcoholism, and school dropout, as well as lower educational and occupational attainment.” The kibbutzim and most Ashkenazim, however, did not share the same fate as their Mizrahim counterparts living in the development towns.

Since 85 to 90 percent of development town residents were Mizrahi Jews, an association formed between Mizrahi identity, peripheral locality, and economic deprivation. In some ways, as Oren Yiftachel and Erez Tzfadia described it, these development towns came to resemble many inner cities in the United States: “physically isolated, heavily minority areas characterized by low quality schooling and dominated by secondary labour markets.” Consequently, when the mass of Mizrahim in development towns lost their jobs after the 1970 economic recession, they emerged as an economic and social underclass. There also emerged a suburbanization of...
low-skilled jobs and lack of services, all of which occurred within this larger dynamic of Israel.\textsuperscript{30} The final result of such state building of these towns and placing immigrants in them was an overrepresentation of Mizrahi Jews in state-created ghettos.

The Israeli land and housing regime contributed to the low stratification of Mizrahim in development towns and bound them to the towns. Even when Mizrahi landlords sought to sell their apartments in order to leave the towns, they found that property values were insufficient for them to move elsewhere in Israel.\textsuperscript{31} Moreover, the interaction between ethnicity and human capital was such that even so-called ‘high-status’ Mizrahim immigrants were as likely to be sent to the towns as low-status Ashkenazim.\textsuperscript{32}

As previously mentioned, these development towns played a major role in the removal of indigenous Palestinians off the land altogether and into peripheral regions where the state can gain easy control of them.\textsuperscript{33} As almost all Palestinian properties were subsequently nationalized by the state of Israel as mandated by the 1950 Absentees Property Law, most of the remaining Palestinian families lost the private property titles to their land and houses and became renters of public housing.\textsuperscript{34} Housing conditions among the poorest Palestinian population in Jaffa deteriorated further over the following decades, as they were dependent on public housing

\textsuperscript{30} Khazzoom, “Did the Israeli State Engineer Segregation?” 116.
\textsuperscript{31} Yonah and Saporta, “The Politics of Lands and Housing in Israel,” 97.
\textsuperscript{32} Ashkenazim are descendants of local Jewish communities in the dominantly Christian countries in Europe; TzFadia, “Public Housing as Control,” 527.
programmes managed by often hostile Israeli state agencies.\textsuperscript{35} Consequently, many development towns were built on abandoned Palestinian towns and villages or expropriated Palestinian lands.\textsuperscript{36} Construction, allocation and management of housing were rolled out by the State of Israel to serve national goals of spatial and social control, for the benefit of its dominant group.\textsuperscript{37}

Since the 1960s, the Israeli state has had control over 93 percent of the land which can be divided into three categories: all the land that was subject to the British Mandate (69%), all the land that was confiscated in accordance with the Absentee Land Law and the Land Purchase Law (12%), and all the land owned by the National Jewish Fund (12%).\textsuperscript{38} The majority of this land is only made available to Israeli citizens or Jewish non-residents through long-term leases of 49 to 98 years. The remaining 7 percent of Israeli land that was not under government control was supposed to be equally divided between Jews and Palestinians; therefore, this meant that approximately 20 percent of Israel’s Palestinian population has access to only 3.5 percent of the land.\textsuperscript{39}

There have been no new Palestinian towns developed since 1948 and although in principle, Palestinians can buy homes anywhere in Israel, in practice, they face major social and institutional obstacles that prevent them from acquiring land.\textsuperscript{40} Palestinians have fought against housing discrimination practices in the Israeli High Court of Justice, winning both Ahadal Qaadan v. ILA and Zbidaht v. ILA, that ruled sellers could no longer discriminate against disqualifying prospective Palestinian buyers for lack of suitable characteristics. However, these


\textsuperscript{36} Geremy Forman and Alexandre (Sandy) Kedar, “From Arab Land to ‘Israel Lands’: The Legal Dispossession of the Palestinians Displaced by Israel in the Wake of 1948,” \textit{Environment and Planning D: Society and Space} 22, no. 6 (December 1, 2004): 809–30.

\textsuperscript{37} Tzfadia, “Public Housing as Control,” 528.

\textsuperscript{38} Plocher, “Foreigner’s Guide to Property Market.”

\textsuperscript{39} Kedar, “The Legal Transformation of Ethnic Geography,” 946.

\textsuperscript{40} Mehozay, “The Rule of Difference,” 21.
verdicts have had little impact on land allocation and the Knesset enacted a bill in 2011 that allows settler communities to exclude prospective buyers if they do not fit the “community profile.”

**Part II: Subsidizing the Occupation**

With the 1967 Six-Day War, Israel occupied the remainder of the Mandate Palestine with territories in the West Bank, including East Jerusalem, and the Gaza Strip from Egypt (see fig. 1).

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Levi Eshkol’s Labour government pushed for settlement-building in these territories under the guise of national security and the historical claims arising from the location of Jewish settlements and communities that existed before 1948.\textsuperscript{43} The Allon Plan, led by Ministerial Committee on the Settlements’ Yigal Allon, became the foundation for Israeli settlement-building.\textsuperscript{44} As the justification for these settlements was mainly on the grounds of national security, many of them started as military bases outside areas still inhabited by Palestinians.\textsuperscript{45} The remaining settlements were established under the pretenses of being work camps and archaeological excavations.\textsuperscript{46} In 1977, Menachem Begin, the founder of Likud, came into power with settlement expansion as a priority. The Likud government planned to settle two million Jews in the West Bank alone by 2000.\textsuperscript{47}

The state of Israel introduced neoliberal measures in the 1980s in response to the prolonged Israeli economic crisis of the 1970s which were characterized by stagflation that came to a peak in the wake of the 1983 bank crisis.\textsuperscript{48} The newly-formed national unity government, headed by Shimon Peres, set out to solve the crisis by a forceful intervention to restructure political-economic relations in the country.\textsuperscript{49} The result of these efforts was the so-called Economic Stabilization Plan in 1985, which introduced “the greatly reduced government

\textsuperscript{43} Shlomo Gazit, \textit{Trapped Fools: Thirty Years of Israeli Policy in the Territories} (Psychology Press, 2003), 241.
\textsuperscript{45} Tenenbaum and Eiran, “Israeli Settlement Activity in the West Bank and Gaza,” 172.
\textsuperscript{46} Gazit, \textit{Trapped Fools}, 249.
subsidies, devaluation of the currency, restrictions on wage growth, opening the economy to foreign capital, and privatization. “50 Similar to developments in other states, the neoliberal turn entailed cuts in welfare programs, a wave of privatization, and an emphasis on the individual taking responsibility for their socio-economic situations.51 Unlike elsewhere, however, the Israeli government retained pockets of the welfare state for Israeli citizens – living in the Occupied Palestinian Territories.

Historian Gadi Algazi notes that “accelerated privatization went hand in hand with a colonial project heavily subsidized by the same state that shrank from public investment in social services within its pre-1967 borders.”52 In this regard, sociologist Daniel Gutwein talks about settlements as the “compensatory mechanism” for the struggling Israeli Jewish middle class.53 While the Israeli state was involved in supporting the settlements from the very beginning through providing security and other basic means, the neoliberal era had brought the Israeli governments to dedicate substantial financial support for the Israeli settlements in the West Bank.

These incentives were and continue to be as considerable as they are diverse. The Israeli state covered a significant part of building costs, charged building companies a much lesser

51 David Harvey, A Brief History of Neoliberalism (Oxford University Press, 2007); Itzhak Galnoor, Public Management in Israel: Development, Structure, Functions and Reforms (Routledge, 2010).
percentage of the value of the land, and provided settlers with access to government-subsidized mortgages.\(^{54}\) Overall, sociologist Swirski has reported that between 1967 and 2003:

\[\ldots\text{government surplus funding of the settlements -- that is, the funds allocated above and beyond what the government would have invested were the settlements erected on the Israeli side of the Green Line} -- \text{came to NIS 45 billion.}^{55}\]

All these benefits result in significantly cheaper housing in the West Bank vis-a-vis Israeli state funding, with the average cost of an apartment in a settlement as low as half compared with prices in Tel Aviv-Yaffo.\(^{56}\)

It was this process of “urban sprawl” that was politically utilized by the Likud government in the 1980s by pushing the population into the Occupied Territories through the incentives as previously mentioned.\(^{57}\) By subsidizing the prices of land, providing cheap loans and allocating significant budget to local municipalities in the settlements, the state succeeded in motivating a large number of Israelis to move to the West Bank, a significant portion of whom would otherwise not consider it.\(^{58}\) This strategy has remained essentially a constant repertoire of Israeli governments since then.

What is particular about the suburbanization in Israel-Palestine is what geographer Shalom Reichman called “the line of price discontinuity.”\(^{59}\) Usually, the prices of land and

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\(^{55}\) Swirski, “The Burden of Occupation the Cost of the Occupation to Israeli Society, Polity and Economy,” 53.


houses decline linearly with distance from the metropolitan area, but in the case of Israel-Palestine, “the crossing of the old Green Line boundary causes a sudden discontinuity in the land market, characterized by an extremely sharp (rather than gradual) fall in land prices” because of the contested status of Israeli settlements in the Occupied Territories. Thus, when combined with governmental subsidies, moving to settlements makes even more sense.

Moreover, the relocation to the West Bank was significantly facilitated by the settlements’ proximity to the Green Line. As noted by geographer David Newman, unlike in other colonial contexts in which colonists would have to move overseas, in case of Israel/Palestine “the territory in question was physically adjacent to the mother country, requiring families to move no more than a few kilometers from their previous homes.” This means that settlers can move to new, more affordable communities without undergoing inconveniences like looking for new jobs or disruptions of existing social relations. Because of that, the state also did not have to spend resources for creating job opportunities in the area in order to attract new settlers. In this regard, Newman talks about settlements’ “double centrality” which stands for “central location with the economic benefits of the periphery.”

Part III: Tel Aviv-Yaffo and the Nation-wide Housing Crisis

Tel Aviv-Yaffo

Tel Aviv-Yaffo is Israel's second-largest city, and a cosmopolitan, cultural and financial global city. It is also one of a few wealthy cities that is not financially supported by the Ministry

of the Interior. Based on these material conditions, municipal political elites “maintained an inclusive self-governing attitude, attempting to run the city’s municipal and financial affairs independent of the central government,” and have constructed an image of Tel Aviv-Yaffo as separate from the national state apparatus. As a result, Tel Aviv-Yaffo “remains the most independent municipality in Israel” with a robust political body that has established progressive municipal policies: for instance, in the fields of labour migration, LGBT rights, education, and health.

According to urban historian Talia Margalit, Tel Aviv-Yaffo’s long history of entrepreneurial urban development strategies is reflected in flexible planning regulations like spot-zoning, public-private development ventures, luxurious building projects, and large-scale privatizations of fixed public assets and landed properties. Urban geographer Sebastian Schipper explains:

As municipal finances are heavily dependent on the appropriation of ground rent, local planning practices are predominantly shaped by profit-maximizing considerations that direct most planning activities towards the luxury market.

As a consequence, lucrative real estate developments such as high-rise residential towers have dominated the flow of capital into the built environment since the 1990s, not only because they produce the most private profits, but also because they contribute “to the city coffers along with the national budget, whether directly through the privatization process or through high taxation.

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67 Alfasi and Fenster, 358.
for the extra building permits.”

As such, Margalit concludes that the general acceptance of neoliberal planning strategies among local political elites is based on a hegemonic order established over decades that “equates public interests with increased public financial resources, while ignoring questions of social justice and sacrificing public and environmental assets.” The fact that almost no public housing construction has occurred in Tel Aviv-Yaffo since 1993 perhaps best illustrates the entrenched neglect of the housing needs of the urban poor.

All these policies and trends led to a boom in the real estate market and a significant rise in housing prices in the city that went up to an 11% price increase per year. While the housing market in Israel is generally dominated by homeownership, the situation in Tel Aviv-Yaffo is different: where a slight majority of 46.4% (in relation to 45.6% homeowners) rent their apartment—often because homeownership has become out of reach even for young middle-class households. Households are exposed to sharp price hikes and high insecurity of tenure, as the rental market in Israel is one of the most liberalized markets in the developed world. Indeed, “the state does not intervene at all in the terms of the rental contract, the level of rent, or the frequency that it is raised.”

Between 2008 and 2013, average rents in Tel Aviv-Yaffo increased, according to the Central Bureau of Statistics (CBS), by 61% to NIS 5117—which

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70 Margalit, “Public Assets vs. Public Interest,” 72.
71 Margalit, “Public Assets vs. Public Interest.”
75 Schipper, “Urban Social Movements and the Struggle for Affordable Housing in the Globalizing City of Tel Aviv-Jaffa.”
represents 56% of the average gross monthly wage in Israel. As a result, not only low-income households but even “middle-class families, young professionals and students are increasingly finding housing in the city unaffordable” or are threatened by displacement. Due to a severe housing crisis and the fact that the national government remains very reluctant to seriously intervene in housing markets in a non-neoliberal manner that restricts the commodity character of housing. Airbnb has been able to come in and exploit the housing shortage, lack of housing regulations, and precarious residents.

**The 2011 Housing Protests**

Issues of segregation are more exaggerated and complex given Israel’s ongoing struggle with its shortage of land, and more recently, a major housing crisis. For those living on the margins, a housing crisis can mean further exacerbation of poor living conditions as more families begin to cram into smaller apartments, or even become homeless.

In 2011, Israel experienced its largest nation-wide protest to date. These demonstrations were given many different names by the Israeli media; however, the most common ones were “The Social Protest”, “Housing Protest”, and the “J14 Movement.” Given this is in a country accustomed to the unrivalled ascendancy of security and geopolitics, mass protests under the banner of “the people demand social justice”, although for just a moment, was significant. These mass demonstrations were a part of the popular protest movements that had swept the world protesting the high cost of living and neoliberal hegemony (i.e. the Occupy movements).

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While Israel was one of the most equitable Western societies in terms of income and wealth amongst its Jewish population, with the coming of neoliberalism, it has become one of the most socioeconomically polarised societies in the world.\(^8^1\) The rising cost of housing turned income erosion and socio-economic polarisation into aggravated problems, as both inflation-adjusted housing prices and rents rose by about 50% during the years before the protest.\(^8^2\) The movement began with young Ashkenazim but quickly expanded to include more deprived social groups, such as Arab-Palestinian citizens, migrant workers, and the Mizrahi Jewish lower classes.\(^8^3\)

Mizrahi citizens are more dependent on public housing than their Ashkenazi counterparts, due to the historically rooted ethno-class division of Israeli society and the way in which the state had allocated housing to Mizrahim. When some of these neighbourhoods became obstacles to urban gentrification, Mizrahim were forced, against their will and despite violent demonstrations, to move to other "modern" poor neighbourhoods.\(^8^4\) The pattern is clear and systematic. Mizrahi areas were forcibly vacated and immediately became the object of major investments leading to Ashkenazi gentrification, all while the newly adopted Mizrahi neighbourhoods became defunded slums.\(^8^5\) For this reason, Levinsky Park in Tel Aviv became one of the main bases for the J14 movement as it was located close to the two most neglected Mizrahi ghettos in the area that best represented multiple forms of oppression and exclusion.\(^8^6\) The park was once a Mizrahi working-class housing area and in less than 5 years had become a temporary living space for the

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\(^8^2\) Schipper, “Social Movements in an Era of Post-Democracy,” 814.

\(^8^3\) Schipper.


\(^8^6\) Schipper, “Social Movements in an Era of Post-Democracy,” 821.
homeless, substance abusers, migrant workers, and Eritrean and Sudanese refugees. This area was the perfect visual representation of both the housing crisis’s impact and the state’s neglect of the Mizrahi communities. Mizrahi neighbourhoods are currently led down two paths: either gentrification or such severe neglect by the state that they become uninhabitable.

Palestinian citizens in Israel, on the other hand, had a very different relationship with public housing and the housing crisis in comparison to both Ashkenazi and Mizrahi Jewish citizens. In the 1970s, when the availability of public housing decreased dramatically, the state began using modernist urban planning practices of slum clearing, failed urban renewal strategies, systematic disinvestment, often resulting in the demolition of many Palestinian neighbourhoods. Since the mid-1980s, a radical shift towards neoliberal planning and urban redevelopment policies occurred, which resulted in the rehabilitation of neglected public infrastructures and the privatization of public housing and luxurious waterfront developments along the Mediterranean shoreline. Many Palestinian residents interpreted the steady rent increases and gentrification processes that ensued as a further ‘Judaization’ of Jaffa, as their families were forced to squat in “empty public houses designated to be sold to private developers.” In 2007, the ILA issued almost 500 eviction orders to families charged with the illegal construction of extensions to their overcrowded public housing apartments. As of 2013, 800 Jaffa families of an Arab-Palestinian community of about 18,000 people faced eviction.

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91 Monterescu, “Inner Space and High Ceilings,” 173.
orders from public housing agencies. Thus, throughout the three months of a nationwide protest, Arab-Palestinian citizens of Israel were usually reluctant to join, as they were faced with housing hardships for substantially different reasons that were deeply rooted in institutional and political discrimination on national grounds different than in the case of the Jewish majority. However, many Palestinians concluded that:

… the J14 protests offered a unique opportunity to integrate the decades-long local struggle for the right to housing and against displacement from Jaffa into a broader mass movement also focused on housing issues.

Thus, this movement initiated a nationwide, multi-ethnic public housing movement struggling against evictions, privatizations, and the demolition of public housing apartments.

Anthropologist Callie Maidhof points out that the majority of J14 participants protested the state’s budgetary considerations and what was considered by many to be the provision of a welfare state for settlers and religious Jews at the expense of secular Israelis. To be clear, these protests were not against the immorality of settlement-building or of living in a settlement, but about the disproportionate level of funding and secular citizens’ tax dollars required to keep these settlements in place at the cost of offering rent support to those living within the Green Line. Interviewing many of the settlers, Maidhof explains that many of these settlers had moved into these settlements when they could no longer afford to live within the Green Line and felt themselves a part of the rent price hike protests.

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93 Allweil.
96 Maidhof.
97 Maidhof.
Netanyahu’s Affordable Housing Solution

After the J14 mass protests, Netanyahu’s government came out with their “Supertanker” policy. Named after the aerial firefighting airplane that was deployed to extinguish the biggest forest fire in Israel’s history, the policy was aimed at subordinating the housing planning authority to market calculus and inflating the housing supply through outpost authorization. The Israeli government approved the legalization of three settlements (Sansana, Bruchin, Rechelim) which meant the establishment of new Israeli settlements for the first time since 1990.

In November 2012, the United Nations upgraded Palestine to non-member Observer State status in the United Nations Assembly. Following the UN decision to accept a Palestinian state alongside Israel, Netanyahu approved eleven thousand housing units in Jerusalem and West Bank. According to the Israeli Central Bureau of Statistics (CBS), from 2010 to 2012, investment in settlements grew by at least 17%. Sociologist Shlomo Swirski found that on top of that, in 2012 alone, the government invested more per capita in settlements than within Israel, mainly for education and welfare services. Thus, while Israeli citizens living inside the Green

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99 Charney, “A ‘Supertanker’ Against Bureaucracy in the Wake of a Housing Crisis.”


Line were demanding the return of the welfare state, Netanyahu diverted all that funding to settlers living in the Occupied Palestinian Territories.

The Israeli state’s housing project was more of an ideological project that sought to materialize the once reactionary utopian Zionist discourse than it was a welfare-state housing program. The establishment of the state of Israel created racial segregation through public housing provisions, but which have resulted in stark socio-economic divisions between Ashkenazi, Mizrahi and Palestinian communities seen even in Tel Aviv-Yaffo today. The state-engineered segregation, economic recession of the 1970s, defunding of public housing, and funding diverted to occupying the West Bank led to the 2011 J14 housing protests. Instead of subsidizing rent or the cost-of-living in Tel Aviv-Yaffo, Netanyahu increased settlement-building in the West Bank through a “Supertanker policy” that subordinated the housing authority to a neoliberal market logic and set out a political campaign to frame West Bank settlements as an affordable housing option. While the gentrification of Tel Aviv-Yaffo and the colonization of the West Bank have been existing trends, Airbnb has accelerated some processes, largely indirectly, by introducing new capital flow via peer-to-peer networks. As part of a matrix of housing policy, transnational capital movements, Israel’s neoliberal economic policy, and political ideologies, Airbnb can be seen to be playing some part in practices that displace marginalized groups in Tel Aviv-Yaffo, exacerbate affordable housing shortages, and may even have led to some secular Tel Aviv citizens to move into the West Bank settlements.105

105"Daniel Teplitsky, Population Report (Tel Aviv, Israel: Tel Aviv-Yaffo Municipality, 2020)."
CHAPTER II: LITERATURE REVIEW

Sharing Economy

The sharing economy has captured the Israeli-Palestinian market and has played some role in accelerating existing historical trends (i.e., gentrification, colonization, and precarious employment) to unprecedented levels. Israel-Palestine has the perfect conditions for such an economy to flourish: a leading global tech sector, housing shortage, a growing precarious job market, and all in a very small country. Sharing platforms have framed collaborative consumption to be the solution to market shortages and precarity. This thesis, however, demonstrates otherwise.

Driven by technological, economic, and environmental considerations, people increasingly organize the collaborative consumption of goods and services over the internet.106 Cohen and Kietzmann describe the sharing economy as a system in which people share ‘underutilized’ resources through peer-to-peer networks.107 This includes “peer-to-peer-based activities of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services.”108 The sharing economy has changed our perceived value of ownership. Consumers can now enjoy goods and services only when they are required or desired without obtaining ownership and the involved obligations.109

The sharing economy features a paradoxical neoliberal dichotomy: community optimism and commercial extractivism.\textsuperscript{110} The platform advertises itself as bringing the community together through positive values of “sharing” and “sustainability”, while exploiting reproductive forms of labour for the creation of value, neglecting non-market transactions, and ignoring community activities beyond “the market” as viable and sustainable forms of economy.\textsuperscript{111} More accurately, the sharing economy is a product of neoliberalism in that it is a platform that pushes for many laisse-faire policies and existing economic liberal trends: unregulated marketplaces, unprotected labour markets, tax avoidance, and a transfer of risks to individual users. For instance, Airbnb is constantly negotiating with governments to secure regulations that allow it to maintain and profit from its activities in different cities around the world – leading to further deregulation of tourist and housing markets.\textsuperscript{112} These interventions have provided important evidence of the growing impact of the sharing platform on a local, national, and global scale.


For many, ideas of home are closely tied to homeownership. In Marxist accounts, homeownership is seen as instrumental to capitalism and used to forward an ideological agenda aimed at economic efficiency and growth. In Israel and many Western countries, home-ownership is supported by governments through state policies and heavily promoted by the real estate industry. According to critical geographer David Harvey, homeownership incentivizes workers to remain committed to their jobs to pay off their mortgages, and signals identification with and the incorporation of capitalist values. In the last few decades, the global struggles over housing and associated practices of displacement and dispossession are testimonies to our changing conceptions of “home”. Ongoing external pressures such as the affordability of housing, housing instability, and lack of autonomy may affect whether or not one feels at home.

**Gentrification**

Sharing platforms like Airbnb have contributed to a profound social transformation of many places around the world. In recent years, Airbnb’s role in accelerating gentrification and its disruption of the housing market has caused an uproar amongst housing advocates and anti-gentrification activists. Scholars have started to take note of the “Airbnb effect” on cities while

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Other studies aim at informing future urban policy and planning in response to these recent trends.\textsuperscript{119}

There are various theories employed throughout the years to understand gentrification. The most commonly used theory of gentrification is the ‘Stage Theory’.\textsuperscript{120} The theory suggests that gentrification passes through different phases over time, and that “the characteristics and attitudes of people moving into the neighbourhood vary depending on when they moved in.”\textsuperscript{121}

While the first wave of gentrifiers cherishes a neighbourhood’s diversity, authenticity and unique architecture, the later wave of arrivals are generally middle-class gentrifiers who seek a high quality of life and socioeconomically similar neighbours. Stage theory suggests that the first wave of ‘urban pioneers’ should retrospectively be referred to as gentrifiers as well, even if few enough moved into the neighbourhood at the time to not affect the local urban environment.\textsuperscript{122}

Using this framework, scholars have categorized gentrifiers according to demographic characteristics, such as “visibility and tenure, occupation and income, political outlook, cultural affiliation, and household composition and lifestyle.”\textsuperscript{123} Alongside typical professional and managerial middle classes, scholars also emphasize other marginal groups as gentrifiers: artists,

\begin{flushleft}
\textsuperscript{120} Merav Kaddar, “Gentrifiers and Attitudes towards Agency: A New Typology. Evidence from Tel Aviv-Jaffa, Israel,” Urban Studies 57, no. 6 (May 1, 2020): 1244.
\textsuperscript{121} Robert Kerstein, “Stage Models of Gentrification: An Examination,” Urban Affairs Quarterly 25, no. 4 (June 1, 1990): 621.
\textsuperscript{122} Kaddar, “Gentrifiers and Attitudes towards Agency”; Kerstein, “Stage Models of Gentrification.”
\end{flushleft}
the gay community, students and Bohemians, and all those searching for cheap rents, large working spaces, community life and authenticity.  

While these groups are commonly understood as symbolically and culturally middle-class from a Bourdieu perspective, they are economically low-income and marginal relative to the managerial class. Their move may subject long-term residents to cultural, political or social marginalization, which in turn may result in ‘displacement pressure’, leading to actual displacement. While these accounts are invaluable in understanding the “chaotic concept of gentrification”, they depict gentrification as a pre-determined process that leaves little room for deviations.

Other explanations of gentrification interpret the process as an essentially structural one, viewing gentrification as the outcome of economic and/or political power structures. These theories, most notably ‘the rent gap’ theory, help understand the role of banks, developers, investors and authorities in channelling capital into formerly neglected places such as Airbnb. Wachsmuth and Weisler introduced the rent gap mechanism that allows Airbnb to be a major

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driver of gentrification in New York City neighbourhoods. Nonetheless, such explanations fail to explain what makes people, especially early-wave gentrifiers, move to such areas. In addition, neither the stage theory nor the rent gap model capture gentrification in our increasingly globalized cities.

**Transnational Gentrification**

A growing scholarly literature places gentrification in a global context by extending the range of case studies and incorporating transnational perspectives in comparative studies. Building on what until recently comprised just a few scattered case studies, scholars have investigated gentrification in East Asia, Latin America, Africa and elsewhere, providing insights that expand the boundaries (both theoretically and spatially) of gentrification research. In addition to broadening the empirical scope of research, gentrification scholars have also begun to explicitly consider the theoretical relationship between gentrification and globalization, generally via one of two pathways.

First is the argument proposed by geographer Neil Smith and later substantiated by a range of case studies, that gentrification has become a global strategy by which “urban

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129 Wachsmuth and Weisler, “Airbnb and the Rent Gap.”
entrepreneurial governance seeks to secure investment in cities across the world.”

Globalization refers to an economic restructuring that has destabilized nation-states as the preeminent form of a territorial organization while strengthening functional connections between the urban and global scales. The result of this urban rescaling, Smith claimed, was that gentrification has “rapidly descended the urban hierarchy”, and become an increasingly ubiquitous phenomenon in ordinary cities as well as in so-called global ones. Particularly as gentrification has become a state-led strategy, actively facilitated by municipal, regional and national governments in cooperation with large capital, a gentrification ‘template’ has been replicated in cities around the world.

The second proposed relationship between gentrification and globalization has been via the subjective identity of the gentrifying class. Geographer Matthew W. Rofe argues that globalization has rendered local experiences of neighbourhood change less uniquely distinctive and more readily comparable with neighbourhood change elsewhere in the world, at least for local gentrifiers. These actors thus come to understand themselves as part of a global, cosmopolitan class and consuming a globally homogenous ‘gentrification commodity’. The same global economic restructuring processes that make gentrification practically available as a strategy of entrepreneurial urban governance also make it imaginatively available as the basis for


a cosmopolitan identity among local gentrifiers.\textsuperscript{137} Despite the different theoretical and sometimes normative aspects of these perspectives, what they share is an orientation towards gentrification as a local outcome of globalized socio-spatial processes. From this understanding, global capital is investing in uneven local property markets, which are moulded to satisfy the preferences of a local urban middle class, along with a new subjectivity wherein this gentrifying class imagines itself to be part of an international cosmopolitan class.

Here, following Sigler and Waschmuth, I wish to focus on a third understanding of globalization’s relationship with gentrification, one much less explored in the existing literature. Gentrification is not a result of globalization processes that are distinct from gentrification, as in both the ‘global strategy’ and ‘cosmopolitan class’ arguments, but as an active pathway along which globalization processes unfold. Sigler and Waschmuth identify ‘transnational gentrification’ as “… a process that connects leisure-driven migration to spatially distant neighbourhood reinvestment schemes that existing local demand may not have allowed for.”\textsuperscript{138} The concept of transnational gentrification draws theoretical attention to the relationship between gentrification and migration. Researchers have explored such linkages, but overwhelmingly in the South-North direction, insofar as particular migrant groups have been wrapped up in the gentrification process.\textsuperscript{139} However, little research has been done on the relationship between gentrification and colonization in Israel-Palestine.


Israeli Literature on Airbnb

Existing Israeli scholarly and grey literature on Airbnb has almost exclusively examined Airbnb’s activities through a legal and regulatory lens. Elster and Nesher and Yaniv have examined public policy approaches for regulating Airbnb’s activities in Tel Aviv-Yaffo and Jerusalem. Legal scholars Beirach and Yifat have examined the legal status of these apartments-turned-hotels and the impact they had on marginalized neighbourhoods in Tel Aviv-Yaffo and Jerusalem. Israeli-Palestinian peace organizations, such as Peace Now and Jewish Voices for Peace, have recognized and reported on the growing number of settler-run Airbnbs in the West Bank. Törnberg and Chiappini were the first scholars to make the connection between New York Airbnbs and their use of colonial discourse and an appeal to “adventure” to advertise to potential white hosts. However, none of the literature examines the relationship between gentrification in Tel Aviv-Yaffo, the ways in which it impacts the West Bank, and how Airbnb fits into this relationship. I will be applying the American/Anglo Airbnb literature on gentrification and colonization to consider how Airbnb activities unfold in particular ways within the colonial context.

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CHAPTER III: METHODOLOGY

Homesharing platforms, including Airbnb, do not provide public data on numbers and performance of their rentals. Airbnb has historically been secretive about its data, even when faced with legal requirements, and when they have released data, observers have concluded that they have done so in a misleading fashion.\textsuperscript{144} At the end of 2015, Airbnb stopped disclosing when a non-available property was reserved or was simply blocked from new reservations, which made it impossible to precisely measure occupancy.\textsuperscript{145} Therefore, my main sources of information are official databases (i.e. from Israel’s Central Bureau of Statistics and Tel Aviv Municipality Statistics) on housing in Tel Aviv-Yaffo and data on Airbnb from existing Israeli scholarly literature, grey literature, and Israeli newspapers. In light of the recent COVID-19 Pandemic, the ongoing travel restrictions and bans have made fieldwork unfeasible, so my analysis will only employ secondary data.

My approach in analyzing gentrification in Tel Aviv-Yaffo uses two types of sources: statistical use of official data and existing Israeli literature on Airbnb’s activities in Tel Aviv-Yaffo. For the sake of simplicity and the limited data released by Israeli official sources, the official data collected is from 2017 to 2019. See Table 1 for more detail.

### Table 1. Gentrification Measurements for Tel Aviv-Yaffo

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly Rent</strong></td>
<td>₪ 1,081,508,400.00</td>
<td>₪ 1,107,772,410.00</td>
<td>₪ 1,190,399,850.00</td>
</tr>
<tr>
<td><em>The sum of all contract rent generated in the long-term rental market</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average rent</strong></td>
<td>₪ 5,517.90</td>
<td>₪ 5,603.30</td>
<td>₪ 5,792.70</td>
</tr>
<tr>
<td><em>Average Monthly Rent</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Units (Jewish)</strong></td>
<td>187,000</td>
<td>190,800</td>
<td>196,800</td>
</tr>
<tr>
<td><em>Total Jewish households</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Units (Occupied)</strong></td>
<td>196,000</td>
<td>197,700</td>
<td>205,500</td>
</tr>
<tr>
<td><em>Total Number of Occupied Residential Units</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Units (Total)</strong></td>
<td>205,533</td>
<td>208,821</td>
<td>210,795</td>
</tr>
<tr>
<td><em>Total number of housing units, occupied or not</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Units (Vacant for Rent)</strong></td>
<td>9,533</td>
<td>11,121</td>
<td>5,295</td>
</tr>
<tr>
<td><em>Total number of units “vacant”</em></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Tel Aviv-Yaffo Statistical Database and the Central Bureau of Statistics

From the Tel Aviv Municipality Statistics, I have gathered the following measurements calculated at the census-tract scale: average monthly rent (מחירים ממוצעים של שכר דירה חופשיים: תכונות בתושבת组装 דירות קומותבעני [Table 4.30]) and total number of housing units, occupied or not, in Tel Aviv-Yaffo (2019-1979 [Table 12.12]). The average monthly rent was gathered to demonstrate the increase over the years. From Israel’s Central Bureau of Statistics, I have gathered the following measurements calculated at the census-tract scale: the number of occupied residential units in Tel Aviv-Yaffo (משק הבית הפмышлות: תכונות דמוגרפיות), total

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number of Jewish households in Tel Aviv-Yaffo (משקי בית ומשפחות: תבניות דמוגרפיות 2016, Table 2), and total number of residential units vacant in Tel Aviv-Yaffo (אחוזי עיגון ביישובים המונים יותר מ 100 אלף משקים). The remaining information is gathered from Israeli scholarly publications, grey literature, and newspapers.

My approach in analyzing colonization of the West Bank also uses two types of sources: statistical use of official data and existing Israeli literature and settlement watch reports on Airbnb’s activities in the West Bank. From the Tel Aviv Municipal Statistics database, I gathered data on how many residents moved from Tel Aviv-Yaffo into a West Bank settlement annually from 2014 to 2019. The data is further broken down by which area of Tel Aviv-Yaffo the residents have left, which is then compared to the neighbourhoods that were displaced by Airbnb the most. See Table 4 for more detail. Since prior to the establishment of the state of Israel, West Bank tourism has been an essential part of the Zionist enterprise. While Israel increases funding for tourism in the Occupied Palestinian Territories, Israel’s Ministry of Tourism does not disclose the data. Therefore, my thesis employs data from umbrella settler organizations and

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various NGOs to examine the Israel’s tourism industry has grown in the region and the ways in which it has displaced Palestinians.  

**Limitations of the Research**

There are two major limitations in this study that could be addressed in future research. First, the study focused on the ways in which Airbnb has impacted Tel Aviv-Yaffo’s real estate market and Isreal’s West Bank tourism industry. However, my thesis does not cover Palestinian-run Airbnb neither in Tel Aviv-Yaffo nor the West Bank. While the topic of Palestinian-run Airbnb is important to examine, a 2018 report shows that Palestinian Airbnb hosts have been backlisted by the platform. This means the necessary data to examine this topic is very challenging to find without conducting fieldwork.

Second, due to the lack of Airbnb data available, I could not provide a measure of the gentrification occurring in Tel Aviv-Yaffo that would isolate Airbnb as the cause, which would involve applying Wachsmuth and Weisler’s rent gap model. Following Israeli Airbnb researchers, my thesis uses the residential to commercial unit conversion rate, rising prices, and migration as an indicator of increasing gentrification in Tel Aviv-Yaffo. The residential to

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151 Wachsmuth and Weisler, “Airbnb and the Rent Gap.”
commercial unit conversion rate is calculated by multiplying the number of Airbnb listings with the percentage of multi-listings and dividing that by the total number of residential units (occupied or not). Much like Wachsmuth and Weisler’s rent gap, the conversion rate and rising rent prices demonstrates that a decreasing supply of residential units and an increasing demand for short term rentals places an upward pressure on rent prices. This method, however, does not calculate the “gap” between actual returns for traditional landlords and potential returns after converting the unit into an Airbnb. For this reason, my next chapter dedicates a substantial section to describing the financial incentives for professionalizing as a landlord via Airbnb.
CHAPTER IV: AIRBNB IN TEL AVIV-YAFFO

Tel Aviv-Yaffo is one of Israel's most sought-after residential areas and Airbnb has gained more popularity in Tel Aviv-Yaffo than most other major cities. In San Francisco, the city where Airbnb began operations, there are almost twice as many residents and residential housing units as there are in Tel Aviv-Yaffo. In 2016, San Francisco had only about 7,000 Airbnb listings compared to about 8,600 listings in Tel Aviv-Yaffo. In Tel Aviv, there is an unprecedented number of apartments that have been converted into Airbnb hotels. To demonstrate the scope of Airbnb’s activities in Tel Aviv-Yafo, Table 2 compares Airbnb activities in Tel Aviv-Yaffo to other major cities around the world.

Table 2: Airbnb Activity in Seven Major Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Number of Airbnb Listings</th>
<th>Percentage of Multi-Listings</th>
<th>Number of Apartments Converted into Airbnbs</th>
<th>Total Number of Residential Units</th>
<th>Percentage of Residential Units Turned to Airbnb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tel Aviv-Yaffo</td>
<td>9,152</td>
<td>55%</td>
<td>5,033</td>
<td>205,500</td>
<td>2.4%</td>
</tr>
<tr>
<td>New York City</td>
<td>39,470</td>
<td>43%</td>
<td>16,972</td>
<td>3,464,00</td>
<td>0.5%</td>
</tr>
<tr>
<td>Berlin</td>
<td>15,022</td>
<td>30%</td>
<td>4,506</td>
<td>1,900,00</td>
<td>0.2%</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>11,726</td>
<td>28%</td>
<td>3,283</td>
<td>428,000</td>
<td>0.8%</td>
</tr>
<tr>
<td>Copenhagen</td>
<td>11,598</td>
<td>17%</td>
<td>1,971</td>
<td>498,000</td>
<td>0.4%</td>
</tr>
<tr>
<td>Barcelona</td>
<td>17,541</td>
<td>66%</td>
<td>11,577</td>
<td>811,000</td>
<td>1.4%</td>
</tr>
<tr>
<td>Paris</td>
<td>36,807</td>
<td>29%</td>
<td>10,674</td>
<td>1,160,000</td>
<td>0.9%</td>
</tr>
</tbody>
</table>


As demonstrated by Table 2, Tel Aviv-Yaffo has an unusually high percentage of property owners with a large number of properties in their name (Multi-Listings) and an astronomical percentage of Airbnb listings in the total number of residential units. According to the percentage

152 Beirach Barak and Yifat, “86,”
153 Elster and Nesher, “הליך יישום מיתメディア לاصرת שוהיוס Airbnb [Policy Solution for Airbnb Registration in Tel Aviv-Yaffo]”
of residential units turned to Airbnbs, the impact of Airbnb on the Tel Aviv-Yaffo housing market is exceptional as it is almost 2 times higher than in Barcelona, 3 times higher than in Amsterdam and Paris, almost 5 times more than in New York City, 6 times more than in Copenhagen and 12 times more than in Berlin. In terms of the impact Airbnb has had on neighbourhoods, New York City neighbourhoods with the largest Airbnb presences have had 1.1% of apartments turned into Airbnb hotels in the Manhattan downtown area and 1.6% in Williamsburg, Brooklyn.\footnote{David Wachsmuth et al., “The High Cost of Short-Term Rentals in New York City,” Urban Politics and Governance (Montreal, QC: School of Urban Planning, McGill University, January 30, 2018).} However, according to Israeli scholars Beirach Barak and Yifat, the impact in comparison to marginalized Tel-Aviv neighbourhoods has been inordinate: in Kerem Hatemanim (קרם החטאים) more than 21% of apartments have been converted into Airbnb listings, in Neve Tzedek (نزאא צדק) more than 13%, in North Jaffa (JKLMNOP ריו) more than 11%, and more than 9% in Lev HaIr and the HaTzafon HaYashan. See table 2 for the data on housing lost in Tel Aviv-Yaffo neighbourhoods and fig. 3 for a neighbourhood map of Tel Aviv-Yaffo.

Why Tel Aviv-Yaffo?

Israel scholars Elster and Neshel attribute Airbnb’s forceful impact on Tel Aviv-Yaffo to the fact that the tenant population being a significant portion of the city’s population.\footnote{Tal Elster and Maayan Nesher, “של מיטבית לרגולציה הディור על השלכות Airbnb בתי החלב-יפו,” [Policy Solution for Airbnb Regulations in Tel Aviv-Yaffo] [כן בתל אביב-יפו], May 2019, 4.} By 2015, over 50% of the city’s households live in rental units, the highest percentage of all the largest cities in the country.\footnote{1997–2015 בישראל הדיור המשק הוצאות מסקר נתונים [Housing in Israel: Data from the Household Expenditure Survey 1997–2015], Expenditure Survey (Givat Shaul, Jerusalem: Central Bureau of Statistics, 2015), 69.} From the perspective of tenants in Tel Aviv-Yaffo, the thousands of apartments being used as short-term accommodations means a scarcity of apartments available for rent. As a result, Elster and Neshel argue that the decrease in the supply of apartments in Tel
Aviv has led to an increase in rent prices in the city. However, according to the United States Census Bureau, tenants make up 64.6% of New York City’s population and 60.1% of Los Angeles’ population. As previously mentioned, although New York City has a larger tenant population percentage, the percentage of apartments turned into Airbnb listings is five times greater in Tel Aviv-Yaffo than in New York City. Therefore, although Airbnb does increase rents by removing apartments from the residential market, the percentage of renters is not a strong argument for Airbnb’s impact on the city’s housing market.

Israeli scholar Yaniv attributed Airbnb’s boom in Tel Aviv-Yaffo to a lack of regulations in the city’s tourism industry and real estate market. Operators of "traditional" accommodation, such as hotels and hostels, argue that, in most cases, those who rent out their properties for tourism purposes are not required to pay taxes to the authorities and meet the restrictive conditions set for them. Airbnb is considered a 'shared economy' platform, but in practice it allows for organized entrepreneurs, some of them large and established, to produce professional hotel units in the city centers without bearing the burden of investment, statutory procedure, planning and licensing, organization, and sometimes the taxation imposed on hoteliers. This inviting and deregulated business creates a natural shift of housing units from long-term accommodations to be used by hoteliers-entrepreneurs. As of June 2017, 4% of landlords in Tel Aviv-Yaffo have 5 or more properties for rent, with an average of 3.14

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158 Elster and Nesher, "shall אבא-יפי Airbnb השמה לאולה ממרותי מיטיב מדלייה [Policy Solution for Airbnb Regulations in Tel Aviv-Yaffo]", 2.
160 Yaniv, "Properties for Short-Term Rent to Tourists in Israel and Around the World]."
161 Yaniv, 17.
Thus, these apartments operate as illegal apartment hotels and their owners avoid paying taxes and meeting basic conditions for operating a place to stay. The Tourism Ministry of Israel encourages this activity, although many other countries impose restrictions on these sorts of platforms. Tourism Ministry director-general Amir Halevi explains the ministry’s position:

Our goal is to increase the supply of rooms. This year a record is going to be broken with more than 3.5 million tourists coming here. We need as many accommodations as possible. We will work toward this on all fronts, including converting office buildings into hotels.

In Israel, there is no regulation or restriction of Airbnb activity as both the Tel Aviv municipality and the Tourism Ministry encourage the capital inflow brought in by tourists.

While this explanation falls in line with Tel Aviv-Yaffo’s history of entrepreneurship and policy independence from the rest of the state, as previously mentioned, there are larger structural reasons for the lack of regulation in Tel Aviv-Yaffo. Tel Aviv-Yaffo’s urban policies are reflective of the fact that municipal finances are heavily dependent on the appropriation of ground rent, local planning practices are predominantly shaped by profit-maximizing considerations. Therefore, it would be more pertinent to examine the larger economic factors at play.

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163 Yaniv, "-properties for Short-Term Rent to Tourists in Israel and Around the World," 17.
164 Moshe Gilad, “In Tel Aviv, Airbnb May Have Revealed Its Darkest Side Yet.”
165 Moshe Gilad, “In Tel Aviv, Airbnb May Have Revealed Its Darkest Side Yet.”
166 Schipper, “Urban Social Movements and the Struggle for Affordable Housing in the Globalizing City of Tel Aviv-Jaffa.”
What Happens When Airbnb Enters the Market?

The “Hotelization” of Rental Properties

While Airbnb advertises itself as a way for tenants or homeowners to supplement their income, Table 2 demonstrates that most Airbnbs in Tel Aviv-Yaffo are run by hosts with multiple listings. Legal scholar Dayne Lee (2016) refers to this phenomenon as the “hotelization” of rental properties and it consists of two processes: first a private property (usually apartments) is converted into a rental tourist property, then entire buildings are converted into illegal hotels.167 In May of 2019, about 9,150 properties are listed on Airbnb, of which about 7,500 (82%) apartments and 1,500 rooms are shared over 5,040 active hosts.168 There is a distinction between 'casual' assets belonging to tenants for a limited period of time or an apartment as an income supplement, and "professional" properties belonging to tenants or apartments regularly, thus removing the same property from the residential market. By the end of 2017, 12 Airbnb hosts owned 970 properties, and 75 hosts own about 2,150 properties or a quarter of all Airbnb properties in the city.169 It is the professional assets that are at the center of my attention because they cause the bulk of the damage to the rental market.

Of all the properties offered for rent in Tel Aviv-Yaffo, about 4,150 are registered as having only one property for their hosts (Single-Listings Hosts). The other assets, about 5,000 in number (55% of all assets leased on Airbnb), are leased by 870 professional landlords (Multi-Listing Hosts). Thus, at least 5,000 apartments are no longer used for residence and do not constitute a means of supplementing the occasional income for the tenants of the apartments but are rented as a hotel entrepreneurial business for all intents and purposes. Beyond that, there is a

167 Lee, “How Airbnb Short-Term Rentals Exacerbate Los Angeles’s Affordable Housing Crisis.”
168 Elster and Nesher, "שלמות לרגולציה ה предложения Airbnb בתל אביב-יפו." •
169 Beirach Barak and Yifat, "הדיור בשוק הירושיילית".
high probability that even out of the 4,150 properties rented by a landlord whose only property is there, there are professional assets. According to the municipality itself, there are about 7,150 apartments used as a hotel business.  

**Incentives for Airbnb to Professionalize Landlords**

Airbnb relies on guest ratings and the Super Host status. A tourist seeking to rent a room or an apartment on the site will usually look through the guest reviews to decide whether to stay at that listing. An apartment with a high rating from many visitors will significantly increase the chance of renting the apartment. A ‘casual’ landlord will not get a high number of reviews on the site, so tourists will feel that they are taking a risk. Moreover, hosts who have “completed at least 10 stays in the past year or 100 nights over at least 3 completed stays”, maintain a 4.8+ overall rating from their guests, cancel less than 1% of the time, and respond to 90% of new messages within 24 hours are awarded Superhost status.  

Airbnb has built its business model on commission that is passed on to Airbnb from each transaction and is calculated as a percentage of the price. For this reason, Airbnb encourages hosts to carry out multiple transactions at high listing prices. Therefore, casual renting would be contrary to the marketing logic of Airbnb.  

Beyond that, professional landlords (who, as mentioned, are the majority of landlords in Tel Aviv-Yafo) make it easier to carry out the transaction on additional levels. For instance, professional landlords allow the consumer to book the apartment or room without correspondence with them using Instant Booking. This is very convenient from the

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170 “Explanatory Notes to the General Property Tax Order 2019” (Tel Aviv-Yaffo: Tel Aviv-Yaffo Municipality, 2019), 23.  
consumer’s point of view, who then do not have to correspond with the landlord, introduce themselves to the landlord, wait for a booking confirmation, and so on - things that are required by the casual landlord. Professional landlords take the risk involved in hosting bad tenants or new Airbnb users, thus making the ordering process easier.

Naturally, the percentage of transactions made by professional landlords is much higher, since by definition, 'casual' landlords rent out their apartment from time to time, and 'professional' landlords strive to rent out the intended property to hotels as much as possible. However, Airbnb incentivizes professional landlords through their Superhost program in which these users receive more visibility, a significant increase in earnings, and a bonus for referring new hosts. Elster and Nesher estimate that Airbnb entrepreneurs (multi-listing hosts) in Tel Aviv-Yaffo make higher earnings on average by 40% to 130% compared to single-listing hosts that are using Airbnb to supplement their income. As a result, the vast majority of rental nights on Airbnb are in units that have been converted to hotels, and not in apartments where the Airbnb platform is a means of supplementing income.

**Creates Scarcity**

As demonstrated by Table 2, Airbnb has converted more residential units in Tel Aviv-Yaffo than in any other major city in the world. Airbnb has made it simpler and more profitable for landlords and property managers to offer units as year-round short-term rentals than as long-term residential rentals. Therefore, the demand for these short-term rentals is placing upward pressure on rents.

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173 “Airbnb Superhost Program Details.”
175 Beirach Barak and Yifat, "הל אביס-יפו Airbnb הצעת תרנגולת מיתבה של"; Elster and Nesher, "של מיתבה לרגולציה ההצעה Airbnb יפו-אביבב בתל".
176 Elster and Nesher, "של מיתבה לרגולציה ההצעה Airbnb יפו-אביבב בתל".
177 Wachsmuth and Weisler, “Airbnb and the Rent Gap” 1150.
Wachsmuth and Weisler describe this phenomenon through the rent gap model, a situation where the actual economic returns to properties tend to decline or stagnate while potential economic returns tend to increase (see fig. 2).\(^\text{178}\)

![Rent Gap Diagram](https://3kpnuxym9k04c8ilz2quku1czd-wpengine.netdna-ssl.com/wp-content/uploads/2018/02/rent-gap-theory.png)

Figure 2. Graph of a Rent Gap. Created by Bill Lindeke. From Streets MN. https://3kpnuxym9k04c8ilz2quku1czd-wpengine.netdna-ssl.com/wp-content/uploads/2018/02/rent-gap-theory.png.

In neighbourhoods where this “gap” between actual and potential returns systematically increases, the result will be a corresponding increasing incentive for real estate capital to direct new housing investment flows.\(^\text{179}\) As these investment flows drive up housing prices, attract more affluent newcomers, and displace existing poorer residents, the result is gentrification.

There are two other immediate implications of the short-term nature of Airbnb’s rent gaps: either in the short-term with actual evictions to make room for more profitable tenants or over a slightly longer timescale as long-term rental housing is “organically” converted to short-term rentals, the


result will be the displacement of an existing, lower-income population and the arrival of higher-income newcomers.  

Airbnb is presented as an inexpensive alternative, but figures show that the hotels and the short-term rental platforms coexist just fine in Tel Aviv-Yaffo, and both are flourishing; therefore, it is really the long-term renters paying the price. According to the Tel Aviv-Yaffo Municipality, between 2013 to 2016, rental prices in the city rose by nine percent (9%) and the prices of apartments sold rose by 27.5 percent.  

Kerner’s study further demonstrates that Airbnb is responsible for the steep rise in Tel Aviv-Yaffo rents for the past 10 years, primarily in the market for one to two-room apartments as they are the most popular type of properties on these websites. Beyond that, from 2017 to 2019, average rent in Tel Aviv-Yaffo has increased from NIS 5,517.90 to NIS 5,792.70 (see Table 1). In comparison, in 2019, rent in Tel Aviv-Yaffo had gone up by almost twice as much (3.3%) as it did in Toronto (1.8%). To put it further in perspective, according to Israel’s Central Bureau of Statistics, the average monthly income in December 2019 was reported to be NIS 8,817, which means rent expenses 65% of a resident’s monthly income.  

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181 Updated the Strategic Plan for the City of Tel Aviv-Yaffa: City Profile 2.0 (Tel Aviv-Yaffa: Tel Aviv-Yaffa Municipality, 2017).
183 If converted to CAD, the rent has increased from $2,085.67 to $2,188.08. [Average Prices of Free Rent, by Apartment’s Size (No. of Rooms) in Israel and in the Three Big Cities (NIS) Table 4.30 - (2020-2000)]." 30.
The gentrification process escalates when local businesses that would create ties with residents are instead replaced by businesses that only focus on tourists. Tourists often pay much more for coffee or groceries than local residents, so businesses with higher prices enter the market. If local residents can no longer afford to shop at the over-priced stores in their area, they are forced to move to a new area. Thus, Wachsmuth & Weisler have noted that Airbnb raises potential landlord income without any need for redevelopment, in a geographically uneven way, by concentrating on neighbourhoods with a “local” tourist appeal that does not necessarily overlap with areas that were gentrified due to more conventional market factors.\textsuperscript{186} With 4.5 million tourists coming to Tel Aviv-Yaffo in 2019 alone, some of the gentrification that occurs in the city can justifiably qualify as “transnational gentrification”.\textsuperscript{187} Airbnb pushes up the cost of rent which greases the wheels of gentrification and accelerates the decline of marginalized neighbourhoods.

**Displacing Marginalized Residents, Transforming Neighbourhoods**

As with developments in most other global cities, the restructuring of Tel Aviv-Yaffo has led to a rise in social inequality tied to labour-market polarization, with greater demand both for highly qualified and for low-income workers.\textsuperscript{188} This polarization is reflected in a strong socio-spatial division between the affluent northern parts of the city, inhabited mostly by the Ashkenazi upper and middle classes, and the ‘hard-up’, neglected, southern and southeastern neighbourhoods populated mostly by Jewish Mizrahi lower classes, Arab-Palestinians in Jaffa,
labour migrants, and African refugees concentrated in the areas around the Central Bus Station where rental prices used to be relatively low (see fig. 3).^{189}

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In terms of Airbnb's entry into the various neighbourhoods in Tel Aviv-Yafo, it appears that not all neighbourhoods have a large presence of properties rented through the site. Neighbourhoods far from the historic center, such as Ne’ot Afeka (נאות אפקה), Ramat HaTayasim (רמת התייסים), Neve Barbur (נווה בארבור), and Kfar Shalem (קרף שלם) have little to no Airbnb listings. However, in a significant number of neighbourhoods, a high number of Airbnb activity was recorded relative to the total number of dwelling units. Most of the Airbnb activity in Tel Aviv-Yafo is concentrated in the city center and south of it, with most of the apartments and rooms located on Ibon Gabirol Street with a leakage of property concentrations in Florentin and Jaffa. To demonstrate the impact of Airbnb on marginalized neighbourhoods in Tel Aviv-Yafo, Table 3 ranks the top 10 neighbourhoods impacted by the percentage of residential units that have been converted to Airbnbs.

Table 3: Tel Aviv-Yafo Neighbourhoods with Highest Number of Dwelling Units Lost to Airbnb (2017)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Neighbourhood</th>
<th>Number of Airbnb Listings</th>
<th>Number of Dwellings</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kerem Hatemanim (כרם התימנים)</td>
<td>657</td>
<td>3,111</td>
<td>21.1%</td>
</tr>
<tr>
<td>2</td>
<td>Neve Tzedek (נווה צדק)</td>
<td>322</td>
<td>2,452</td>
<td>13.1%</td>
</tr>
<tr>
<td>3</td>
<td>North Jaffa (צפון יפו)</td>
<td>389</td>
<td>3,464</td>
<td>11.2%</td>
</tr>
<tr>
<td>4</td>
<td>Old Jaffa/Jaffa Port (צפון יפו, נמל יפו)</td>
<td>41</td>
<td>434</td>
<td>9.4%</td>
</tr>
<tr>
<td>5</td>
<td>Orot (אורות)</td>
<td>6</td>
<td>67</td>
<td>9.0%</td>
</tr>
<tr>
<td>6</td>
<td>Lev Ha’ir (לב העיר)</td>
<td>1,479</td>
<td>18,060</td>
<td>8.2%</td>
</tr>
<tr>
<td>7</td>
<td>South HaTzafon HaYashan (ה￠מנה העניין)</td>
<td>1,339</td>
<td>17,171</td>
<td>7.8%</td>
</tr>
<tr>
<td>8</td>
<td>Sarona (סיבון)</td>
<td>72</td>
<td>1,064</td>
<td>6.8%</td>
</tr>
<tr>
<td>9</td>
<td>North HaTzafon HaYashan (ה￠מנה העניין)</td>
<td>1,266</td>
<td>18,968</td>
<td>6.7%</td>
</tr>
<tr>
<td>10</td>
<td>Florentin (فلسطين)</td>
<td>291</td>
<td>6,038</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Source: Table 4: The ten neighbourhoods with the highest rate of residential units lost to Airbnb, Tel Aviv adopted and translated from Avner Beirach Barak and Holzman-Gazit Yifat, “A Guest Overnight: Airbnb’s Impact on Housing Markets in Israel and a Recommended Regulatory Framework,” [Regulatory Studies], The Heth Academic Center For Research Of Competition And Regulation, 1 (November 2019)
As previously mentioned, these are marginalized neighbourhoods that have historically been populated by Palestinian Arabs, Yemenite Jews, and Mizrahi Jews. By the end of 2017, more than 21% of the apartments in Kerem HaTeimanim (a Yemeni neighbourhood), more than 13% of the apartments in Neve Tzedek (a Mizrahim and Yemeni neighbourhood), and more than 11% of the apartments in North Jaffa (an Arabic neighbourhood) have been converted into Airbnb hotels.193 These neighbourhoods in particular have been neglected by the Tel Aviv-Yaffo Municipality to deteriorate, placing the onus of renovations on the residents, and forcing residents out when they can no longer afford the necessary improvements.194 These deteriorating conditions create the conditions for Airbnb entrepreneurs to buy the properties at a low cost and rent them out to tourists. Thus, Airbnb has introduced a new potential revenue flow in the housing markets based around tourists, which is geographically uneven. As a result, these marginalized neighbourhoods become seen as culturally desirable and internationally recognizable, which has subjected them to extensive gentrification.

193 Beirach Barak and Yifat, “הדיור שוק על השלכות.”
CHAPTER V: AIRBNB IN THE WEST BANK SETTLEMENTS

Tel Aviv-Yaffo to West Bank Migration

The question now is: \textit{where have those displaced residents gone?} According to the Tel Aviv Municipality Statistics, a growing number of those displaced citizens have moved to the West Bank.\footnote{“יוצאים מת-יפו ל другими יישובים ולבתי ישיבה בעיר ובעולם.” [Leaving T.A.-Yafo to Other Locality and Zone of Origin 2018 to 2014 - Table 3.47].”} See Table 4 for more detail. More importantly, the increased rent prices in Tel Aviv-Yaffo and lack of affordable housing options, an increasing number of poor Jewish Tel Aviv-Yaffo residents are moving into West Bank settlements.

\begin{table}[h]
\centering
\begin{tabular}{l|c|c|c|c|c}
\hline
\textbf{Zones in Tel Aviv-Yaffo} & \textbf{2014} & \textbf{2015} & \textbf{2016} & \textbf{2017} & \textbf{2018} \\
\hline
South (דרומי) & 210 & 209 & 165 & 167 & 189 \\
Center (מרכז) & 60 & 68 & 39 & 39 & 32 \\
North (ˤמומי) & 140 & 103 & 92 & 105 & 60 \\
Trans-Yarkon (הарьון הירקון) & 60 & 59 & 37 & 51 & 39 \\
\hline
\textbf{Total} & 460 & 439 & 333 & 362 & 323 \\
\hline
\textbf{Percentage from South of Tel Aviv-Yaffo to the West Bank} & 46\% & 48\% & 50\% & 46\% & 59\% \\
\hline
\end{tabular}
\caption{Departure from Tel Aviv-Yaffo to the West Bank}
\end{table}

While the total number of Tel Aviv-Yaffo citizens moving into the West Bank has decreased between 2014 to 2018, the percentage of Tel Aviv-Yaffo residents \textit{from the south} has increased by 13\%. The majority (59\%) of Tel Aviv-Yaffo citizens moving to the West Bank are from the south Yaffo – the part of the city with mostly marginalized neighbourhoods that have been displaced by Airbnb as mentioned in the previous chapter. From 2016 to 2018, the number of southern residents moving to the West Bank annually increased by 22 citizens. These could very well be the displaced citizens from the many marginalized neighbourhoods impacted by Airbnb; however, it must be stated that this is most likely an underestimate as the Tel Aviv Municipality
gathers this information tracking permanent address changes and many young people prefer to keep their permanent address as their parent’s homes. A 2020 report shows that the Jewish population in the West Bank and East Jerusalem is growing at a faster rate than the population within the Green Line. This can partially be attributed to Netanyahu’s campaign to bring more Jewish Israeli citizens to live in the West Bank settlements by providing numerous subsidies and benefit. Airbnb has aided in this push by providing short-term accommodations in the settlements, allowing more people to visit them.

The Tourism Industry of the Settlements

In part with that the state funding that goes to the West Bank settlement economy, Israel has recently increased funding to the tourism industry linked to settlements. In 2010, the state of Israel allocated approximately NIS 367 million for the development and military protection of historic sites “that reflect the national heritage of the Jewish people” across Israel and the Occupied Palestinian Territory. This includes 13 historic sites in East Jerusalem and 30 sites in the West Bank.

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200 “Destination: Occupation.”
In June 2016, the government announced an additional programme of “special financial aid”, with provisions to support the development of the tourism industry in West Bank settlements. This resulted in a grant of NIS 5 million for “public tourism infrastructure”. In this programme, Netanyahu announced subsidies will be given to the “establishment, conversion and expansion” of all short-term accommodations (i.e. Airbnbs, hotels, and B&Bs) in West Bank settlements.

While there are no government figures for West Bank visitors or whether these subsidies have gone towards Airbnbs, the Yesha Council, an umbrella organization of Jewish settlement municipal councils in the West Bank, announced that in 2018 during Passover, approximately 300,000 tourists visited their various “tourist sites, routes, museums, festivals, wineries and archaeological sites.” There are many of these scattered across the West Bank. A recent guidebook listed more than 200 places to visit, stay or eat in settlements. Tourists visiting these attractions and spending money in the restaurants and other sites directly contribute to the maintenance and growth of settlements, since businesses are owned or managed by settlers.

Israel’s support for tourism infrastructure has also come at the cost of Palestine’s own tourism industry, which has faced numerous physical, institutional, and financial restrictions imposed by Israel since 1967. In spite of the essential part that Christian and Muslim pilgrimages have played in the tourism industry in Palestine, not only does the money earned in Palestine finds its way into the Israeli economy but Israel’s tourism industry in Palestine has

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201 Netanyahu, "ושומרון יהודה לאזור לשנת 2016 לשנת ייחוד ושרונה" [Special assistance for 2016 to the Judea and Samaria area]."
202 NIS 5 million is equal to CAD 1.8 million. Netanyahu.
203 Netanyahu.
204 התיישבות אביב חגיגת [Spring Celebration in the Settlement]."
dominated the territory.\textsuperscript{207} In addition to these financial gains, the Israeli government has a larger Zionist goal for developing a booming tourism industry in the West Bank. Tourism serves two functions: emphasizes the Jewish people’s historic connection to the land and allows Israeli settlers to provide an explanation centred on their experiences of the Israeli-Palestinian conflict. When Trump took office, spokesperson of Hebron settlers released a statement explaining, “from our perspective, living here is key to giving the modern state of Israel its rooting in Jewish history.”\textsuperscript{208}

For this reason, Israel has constructed many of its settlements near archaeological and other historic sites; it is in order to for them to be able to make the connection between Jewish history and the land explicit.\textsuperscript{209} Similar to the Allon Plan and the settlement-building logic of the 1970s, archaeological sites legitimize Israel’s increasing military presence in the Occupied Palestinian Territories.\textsuperscript{210} Simultaneously, Israel’s tourism is able to downplay or completely neglect non-Jewish historic periods at these sites.\textsuperscript{211} These acts of rewriting history minimize the Palestinian’s historic connection to the land.

Websites and tour maps issued by Israel’s Ministry of Tourism and Israel Nature and Park Authority do not show the Green Line. Rather, these maps deliberately conceal and mark the West Bank as “Judea and Samaria”, a term used by the Israeli government and settlers, but not by Palestinians.\textsuperscript{212} In addition, the designation of certain locations as tourists is used by the Israeli state to remove Palestinians from their land and their homes. For instance, nature reserves

\textsuperscript{209} “Occupation Remains: A Legal Analysis of the Israeli Archaeology Policies in the West Bank: An International Law Perspective.”
\textsuperscript{211} “Destination: Occupation.”
\textsuperscript{212} “Destination: Occupation.”
in the West Bank are protected by Israeli military order, which penalizes Palestinians for attempting to graze their animals, using the land for agricultural purposes, and establishing or expanding their homes or agricultural structures.213 Palestinians have been evicted from their homes and prevented from entering their land when a new archaeological site was declared as falling within the jurisdiction of settler regional councils.214

Settlements as Airbnb Listings

In 2019, more foreign visitors visited the Occupied Palestinian Territories (76.5%), than they had the Dead Sea region (74.2%).215 Many of these tourists are increasingly using the internet to research destinations and book their vacations. As of 2018, the majority of tourists book their accommodations online.216 The intersection of these trends has brought tourists to booking Airbnbs in West Bank settlements – knowingly or unknowingly.

Airbnb has received a lot of criticisms for giving platform and business opportunities to Jewish citizens living in the Occupied Palestinian Territories. In 2018, Airbnb succumbed to public pressures and removed listings of rentals in illegal settlements in the West Bank – only to reverse this decision a year later.217 While Airbnb is a platform open to both Palestinians and Jewish settlers living in the Occupied Palestinian Territories, the ways in which Jewish settlers use it turns illegal settlements into tourist attractions.

213 Shiff, “On Which Side Is the Grass Greener: National Parks in Israel and the West Bank.”
214 “Destination: Occupation.”
The Israeli settlements are part of a decades-old military occupation that has confiscated 42 percent of Palestinian land in the West Bank for settlement construction, resulting in the loss of freedom of movement and other human rights abuses against the Palestinian people. For years, Airbnb has profited from rental suites built on top of the ruins of Palestinian lives and livelihoods with no mention on these postings that they are on militarily occupied land. In turn, it has directly helped Israeli settlers legitimate their occupation, contributing to the Israeli government’s decades-long policies of occupation, discrimination, and dispossession. The normalization of an exclusive and militarized ethnic enclave as a tourist destination serves as an example of the way in which Airbnb fits into the matrix of colonialism in the region. Moreover, Airbnb is also still operating in other Occupied Palestinian Territories, such as East Jerusalem and Golan Heights.

Airbnb also does not require hosts to provide their guest with the property address of the listing until after they have made the booking. Prior to the booking, Airbnb guests can only go by the information that hosts choose to display. As a result, most West Bank settler-run Airbnb choose to falsely state that the property is located in Israel, rather than the Occupied Palestinian Territories (see fig. 4 and fig. 5).

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218 Meyerson-Knox, “Airbnb Commits to Removing Rentals in Illegal Israeli Settlements in the West Bank.”
Figure 4. “Home Sweet Home” Airbnb Listing. 
https://www.airbnb.ca/rooms/23489002?locale=en&_set_bev_on_new_domain=1617064384_M2M5ZWJhMWM1MDA4&source_impression_id=p3_1617064390_Y%2B1NkaeCzjPKEgSq

Figure 5. “Cozy Room & warm hosting in Givat-Zeev, Jerusalem” Airbnb Listing. 
https://www.airbnb.ca/rooms/22858768?source_impression_id=p3_1617064803_8dSxeAxZoUWWT1w
For example, a house in the settlement of Har Adar (הַר אֲדָר) was listed by its owners as being in “Har Adar, Israel” (see fig. 4).\(^{220}\) Similarly, the owner of an house in the settlement of Giv’at Ze’ev in the West Bank misleadingly states that it is in Israel (see fig. 5).\(^{221}\)

This illustrates the ways in which Netanyahu’s regime has deliberately used neoliberal governmentality to distribute the risks of dwelling-based accumulation by dispossession to individuals within the Green Line. The displacement of southern Tel Aviv-Yaffo citizens can become part of the violence enacted against Palestinians as these Israeli residents in search of affordable housing move on to Palestinian land and displace them. As neoliberal violence within Israel increases, so – at least theoretically – would the incentive to offset neoliberal violence with political violence, thereby contributing to the national struggle over the homeland via settlement.

The settlement project’s dependence on mass settlement and deepening international pressure to reach a two-state solution required a substantial push to draw citizens to the West Bank. Airbnb even if indirectly is part of the process that aids the state of Israel in steering capital flows towards West Bank settlements both via tourism and the gentrification-colonization process.


CHAPTER VI: CONCLUSION

In March 2020, tourism and much of the leisure industry were brought to a halt in nearly every country around the world.\(^{222}\) The COVID-19 Pandemic has changed the structure of our everyday lives and the global impact of world events; therefore, I return to my research question with a pre-COVID and post-COVID considerations. My master’s research asked the following question: \textit{what role does Airbnb play in Tel Aviv-Yaffo’s housing crisis and the West Bank settlement economy?}

Existing Israeli scholarship has proposed a number of compelling answers for this question, from policy solutions to examining the economic factors, yet the works failed to understand the gentrification process with the Israel-Palestine matrix of gentrification and colonization. To put it simply, Airbnb has accelerated the transnational gentrification process that has been occurring in Tel Aviv-Yaffo with the coming of the neoliberal era and the Israeli state-funded tourism in West Bank settlements through the introduction of new capital flows.

The State of Israel has used housing as one mechanism by which it designed the nation to serve Zionist aims. Racial segregation emerged through public housing policies and provisions, which resulted in stark socio-economic divisions between Ashkenazi, Mizrahi and Palestinian communities still seen evidence of in Tel Aviv-Yaffo today. This was illustrated by the differing demands in the 2011 Housing Protests in Tel Aviv-Yaffo as Ashkenazim activists demanded cost-of-living subsidies, while Mizrahim demanded repairs to their deteriorating neighbourhoods. While these protests occurred across the nation, they were heightened in Tel Aviv-Yaffo as the city’s finances are heavily dependent on the appropriation of ground rent,

which resulted in local planning practices that are predominantly shaped by profit-maximizing considerations that direct most planning activities towards the luxury market.\textsuperscript{223}

While the Housing Protests came to an end in October 2011, rent and housing prices have only increased since, and Airbnb has played its part in exacerbate existing neoliberal planning practices in Tel Aviv-Yaffo.\textsuperscript{224} Airbnb converted more Tel Aviv apartments and apartment complexes into hotels than in any other major city in the world.\textsuperscript{225} Existing Israeli literature accredits this to a lack of regulations in the city’s tourism industry and real estate market and the majority of the city being made of tenants, but this does not address the larger trends in Tel Aviv-Yaffo that enabled this – transnational gentrification and the historic marginalization of Palestinian and Mizrahi neighbourhoods.\textsuperscript{226}

Airbnb has created a “hotelization” phenomenon in the rental market, in which the majority of Airbnbs on the market are run by Airbnb entrepreneurs (multi-listings hosts) – some even renting out apartment complexes. Airbnb benefits from having professional landlords as their business commission model (in which Airbnb receives a higher commission from multiple and high-price listings), and Instant Booking feature. Airbnb also prioritizes their multi-listing hosts through their “Superhost program” in which they give these hosts more visibility, higher earnings, and bonuses for referring new hosts.\textsuperscript{227} This results in the conversion of residential properties into commercial properties which creates housing scarcity. Evidently, Airbnb is not being used to supplement incomes in Tel Aviv-Yaffo, but rather a means of converting the low supply of residential units into illegal hotels en masse. As residential unit supply does down and

\textsuperscript{223} Schipper, “Urban Social Movements and the Struggle for Affordable Housing in the Globalizing City of Tel Aviv-Jaffa,” 526.
\textsuperscript{224} Vardi, “A Decade After Social Protests, Affordable Housing Remains A Dream For Many.”
\textsuperscript{225} Elster and Nesher, “ה bucלה, הניצבת מירב וראיה;”
\textsuperscript{226} Elster and Nesher; Beirach Barak and Yifat, “הძ良くות על שם הדיר;” Yaniv, “בישראל קוצר לטווח לתיירים להשכרה נכסים להשקעהทดירים לאוותע מסך בישראלי [Properties for Short-Term Rent to Tourists in Israel and Around the World].”
\textsuperscript{227} “Airbnb Superhost Program Details.”
demands for short-term rentals goes up, this places upward pressure on rent prices. Then, the “gap” between actual and potential returns increases which creates an increasing incentive for real estate capital to direct new investment flows (see fig. 3), which attracts affluent newcomers into the neighbourhood. Local businesses that would create ties with residents are then replaced with businesses that target the tourist market. Since tourists are willing to pay much more for a cup of coffee and groceries than residents, businesses in the area increase prices to meet their new market. In particular, Airbnb presents itself as the affordable option for short-term accommodations, so many of the Airbnb listings are in neighbourhoods with cheaper rent; thus, Airbnb disproportionally affects marginalized neighbourhoods in south Tel Aviv-Yaffo populated with mostly Mizrahi Jews, Yemenite Jews, and Palestinian Arabs.

In the West Bank

In the 1980s, as the welfare state shrank within the Green Lines, funding and benefits grew for West Bank settlements.228 While the Israeli state was involved in supporting the settlements from the very beginning, by providing military security and other basic means, the neoliberal era created new incentives for the Israeli governments to dedicate substantial financial support for the Israeli settlements in the West Bank. These incentives were as considerable as they were diverse: Israeli government-subsidized building costs, cheap land, government-subsidized mortgages, suburban environment, and approximately 93,000 NIS in annual payments from the State of Israel.229 In this same period, increasing numbers of Tel Aviv-Yaffo residents

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from displaced and marginalized neighbourhoods have begun moving into West Bank settlements.230

Moreover, the State of Israel has dramatically increased its funding for tourism in the West Bank settlements over recent years. As a result, in 2019, more foreign visitors have visited the West Bank than they had the Dead Sea region.231 More importantly, Netanyahu announced subsidies will be given to the “establishment, conversion and expansion” of all short-term accommodations, including Airbnbs, in West Bank settlements.232 These developments have resulted in more tourists booking Airbnbs in West Bank settlements than ever – knowingly or unknowingly. Israel’s tourism industry and Airbnb in the West Bank deliberately conceal their location or falsely state their settlement location as “Israel” rather than the Occupied Palestinian Territories. Whether by subsidizing tourism or housing, all such practices by the Israeli government and Airbnb work to normalize the occupation. However, as the tourism industry around the world has come to a pause due to the COVID-19 Pandemic, Tel Aviv-Yaffo’s and the West Bank’s future seem uncertain.

Post-Pandemic Considerations

Just as the repercussions of the 2008 financial crisis altered real estate markets globally with significant long-term effects on housing and urban neighbourhoods, the COVID-19 pandemic will now also significantly impact the future of Tel Aviv-Yaffo.233 While the post-pandemic future of Airbnb looks uncertain, the bulk of the loss is certainly felt by Airbnb hosts as the Airbnb model transfers risk through outsourcing room services to Airbnb hosts. According

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231 “Inbound Tourism Survey 2019.”
232 Netanyahu, “Special assistance for 2016 to the Judea and Samaria area.”
to one hospitality study, Airbnb hosts have lost eight times more income than they have pre-pandemic.\textsuperscript{234} The only reason hosts’ incomes have not dropped to zero is the increasing use of Airbnb’s as quarantine hotels.\textsuperscript{235} From the data mentioned in previous sections, I predict the income loss will largely impact the minority of hosts who use this to supplement their income (Single-Listing hosts), but also the Airbnb entrepreneurs (Multi-listing hosts).

According to David Harvey, the 2008 financial crisis led to state policies that emphasized a further shift to urban consumerism by promoting infrastructural investments in airports and airlines, hospitality, leisure-based activities and related industries that promote an increase in capital turnover.\textsuperscript{236} From the 1990s and onwards, urban consumerism and urban entrepreneurialism became exacerbated trends in the context of tourism-driven transnational gentrification.\textsuperscript{237}

However, political theorists Sandro Mezzadra and Brett Neilson have argued that platform economics (i.e. Airbnb, Uber) have been much more influential to transnational gentrification than the rise of the tourism industry and urban entrepreneurialism.\textsuperscript{238} Critical geographers Georgia Alexandri and Michael Jánoschka explain:

Platform capitalism has permitted a spectacular acceleration of real estate extractivism, including the transformation of local housing stock in inner-city neighbourhoods to short-term rentals. On the other hand, the temporality and intensiveness of gentrification also

rely on the state’s capacity to impose its own rhythm on the production of and social reproduction in space.\(^{239}\)

Thus, tourism and transnational gentrification develop following state interventions aiming to expedite markets for transient and highly mobile people.\(^{240}\) The need for rapid capital turnovers explains why the recreation of space focuses mainly on “the outsider, the investor, the developer, businesswoman or -man, or the money-packed tourist.”\(^{241}\) In this regard, in the aftermath of the COVID-19 crisis, Georgia Alexandri and Michael Janoschka expect new coalitions between states and capital to emerge so as “to restructure the urban voids left behind by the breakdown of the pre-2020 accumulation model based on tourism and consumption.”\(^{242}\) In this respect, it is important to consider that international travel reached record numbers in 2019, and further growth was expected.\(^{243}\) The tourism industry and transnational gentrification may stagnate, but likely return alongside social movements organizing substantial anti-tourism protests.

\(^{242}\) Alexandri and Janoschka, “‘Post-Pandemic’ Transnational Gentrifications,” 3207.
\(^{243}\) “International Tourist Numbers Could Fall 60-80% in 2020.”


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משקי-בית-ומשפחות-2018-על-פי- المهنيות-וכלכלת-אזרחי
table-2.


משקי-בית-ומשפחות-2019-על-פי-سمي-_Price
table-2.

