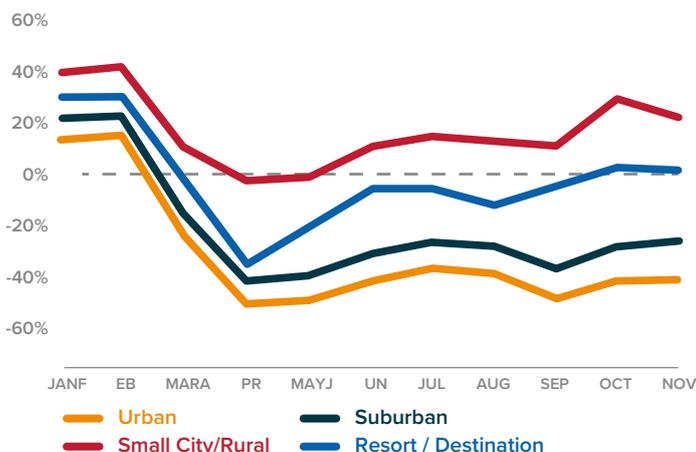


Welcome to the first edition in our series of ‘Hospitality in Transition’ bulletins in 2021, as part of HOTREC’s strategic partnership with TOPOSOPHY. With coronavirus vaccination programmes underway around Europe, tourism and hospitality professionals are beginning to feel hopeful that the end to the pandemic is in sight. However, rebuilding a sense of normalcy will take time and the socially-distanced reality of the pandemic may last for some.

In the market of short-term rentals (STR), this year we finally anticipate that the new Digital Services Act will address respective accommodation offers that do not meet local, regional or national legal requirements. That is a major step forward, especially when we see policy leaders across Europe to embrace similar concerns with us. Back in November 2020, it was the [Netherlands Deputy Prime Minister](#) Kajsa Ollongren, who claimed that the DSA should introduce provisions to guarantee access to data from platforms such as Airbnb, for governments. Also, more recently, Martin Schirdewan, a German MEP who is co-president of the [Left group in the European Parliament](#), called for the European Commission to enable accountability and transparency on behalf of platforms in their cooperation with city councils.

In the meantime, major platforms are closely monitoring the new conditions and drawing conclusions mainly based on the behavioural patterns of US travelers. For [VRBO](#), 2021 is expected to be another year filled with road trips that will boost staycations across the peaceful and picturesque destinations of the great outdoors. In these nearby destinations, families will get the opportunity to make up for lost time and the new age of remote workers or digital nomads will indulge themselves in the amenities of flexcations through mid-term and long-term stays. In their own analysis, [Airdna](#) put forward evidence suggesting that long-term stays had been steadily rising throughout Q3 and Q4 in 2020 and finally accounted for twice as many trips as they did in 2019. If this trend continues in 2021, occupancy rates should be expected to be pushed up by domestic trips and cityscrapers; those dwellers looking to escape from big cities towards small cities and rural destinations.

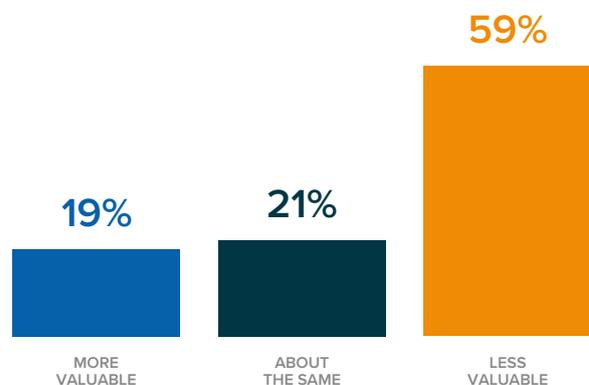
Increased Demand For Short-term Rentals in Rural Locations
 2020 Y-o-Y Change in U.S. Short-term Rental Demand by Location Type



Source: [AirDNA](#)

[The respective trend report by Airbnb](#) makes a special reference to the program of online experiences for people sheltering at home, though there is nothing about the platform’s plans for the wider program of Experiences. This could be another sign that the platform is still struggling to offer real value to tour and activity operators, similarly to evidence presented by Arival in December 2020.

How Valuable is Airbnb to Your Business vs. other OTAs?



Arival Town Hall: Inside Airbnb Experiences: 98 responders

Destinations need new ways to tackle the affordable-housing crisis in 2021

Our countries and cities are required to manage two crises at once - health-care and housing. COVID-19 has heightened the inequality of the housing market, with millions of people lacking access to safe, stable affordable housing both in [Europe](#) and the [US](#). Vaccine updates tend to brighten economic forecasts and tourism business recovery strategies, but a key question remains. Have destination authorities managed to address the challenges caused by short-term rentals in the housing market?

Despite much progress, more must be done to tackle housing market imbalances. Late in December, a new research by the [University of Cologne](#) showed that more than five thousand properties left the long-term rental for the STR market from 2014 to 2019. Of these properties, 41% are rated as professional of which 65% are owned by hosts with multiple accommodations. Moreover, the average income from short-term rentals exceeds that of long-term rentals after only 90 booked days.

In other destinations, the respective authorities are running out of patience:

- In Malaga, Spain, the City Council is holding discussions with the Andalusian Association of Tourist Apartments over its plans to modify its [General Urban Planning Plan](#) and control the supply of short-term rentals across the city's most central areas.
- Also, in the west coast of the US, the [Washington State Senate](#) made a significant step in mid-January in terms of providing a local government option for the funding of essential affordable housing programs. If approved, the proposed bill SB 5012 would allow municipalities to levy an additional tax of up to 10 percent on online, short-term rental bookings. The tax would be paid by consumers at the time of purchase, while the revenue would be used to fund capital and operating costs of affordable housing programs.
- In this respect, politicians in the Washington State and other areas have many lessons to learn from the ongoing initiative of the Lisbon City Council and the incentives provided to landlords in order to be persuaded to return to the market of long-term rentals. In the fourth edition since May 2020, the [Renda Segura Program](#) has accepted 2,800 applications by people who wish to rent a house for several years, particularly elder, Millennial women.

Toronto officials seek ways to stop playing cat and mouse with landlords



Introducing new regulations rarely is a straightforward process. Early in January there was a plot twist in Toronto as a result of a new set of regulations that the City Council approved at the end of 2020, allowing landlords only to only rent out their primary residence. [VRBO thought the new rules would damage its competitive position](#) - despite a small portfolio including around 300 properties - and decided to withdraw from the Toronto market. Airbnb now has more space to manoeuvre besides avoiding to take action against landlords whose listings lack the required license number. Worse, [there are landlords who are posting fake license numbers or claiming to be exempt from the regulations](#), though the latter it's not essentially possible. Toronto officials are currently seeking to employ data scientists that will automate the process of searching for and identifying suspect listings. In this saga, the second twist is the most interesting one. The late initiative of the Toronto City Council reflects the fact that their access to the recent website of Airbnb - the [City Portal](#) - has not improved their capacity to identify those listings and owners who break the law on a regular basis.

New STR restrictions in Minneapolis, US target the number of properties per landlord



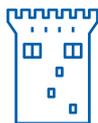
The [Minneapolis City Council](#) prepares to enforce a series of new STR regulations that will limit landlords to one property other than the home they live in. The new ordinance that was approved late in 2020 has upset both the platforms and prolific operators, who thought they would be able to play with an unlimited number of properties in the STR market in the long-term no matter what this would mean for the access of residents to affordable housing. Other cities such as Toronto, Prague and Amsterdam have a cap of up to two properties for owners who do not run a commercial business.

Airbnb to block listings in France when landlords haven't registered



An appeal from the Ministry of Housing in France for platforms such as Airbnb to work more closely with local authorities, including by sharing data and information, has prompted an unusual reaction. On February 8, the platform [announced plans to tighten control of short-term rentals](#) advertised on its site in several French cities including Paris, by throwing out those without formal registration numbers. The platform also said it would take extra measures against people who let out properties in France for short-term stays without registering with authorities. This means that listings without a registration number in Paris, Lyon and Bordeaux would be blocked from taking reservations as of this year. The same practice would be rolled out to cities such as Lille, Marseille, Nantes, Nice, Strasbourg and Toulouse during the second half of 2021. Obviously it remains unclear and should be a matter of investigation why the platform has not done the same for several years in cities in France and other countries, where there is strong evidence that short-term rentals have made housing shortages worse.

Irish ministers see Covid-19 as an opportunity to introduce better STR regulations



With tourism being virtually non-existent due to the pandemic across Ireland, [the Department of Housing and the Department of Tourism](#) have been discussing since December what measures could improve the enforcement of regulations that came into effect last year. Key options include:

- Buying up properties that, before the pandemic, were advertised as short-term rentals
- Introducing a framework to regulate the platforms themselves besides the terms underlying the operation of short-term rentals.

The Minister for Housing admitted that progress on the first approach has not yet met his expectations. Nevertheless, there is also an increasing number of owners who have brought their properties back to the long-term rental market since the start of the pandemic. The second approach is actually gaining ground at this stage, because the Department of Housing has managed to back up local authorities with the resources they need to carry out the enforcement of recent regulations. More information will be available in the near future, when the government's broad plan for affordable housing is revealed.

People are still allowed to book trips and parties are taking place in Airbnb properties



In the first case, and as part of an [Observer](#) investigation, research evidence about Airbnb landlords in the UK has shown that many of them proceed with accepting new bookings despite strict government guidelines. Spokespersons for Airbnb and Booking.com tried to reassure both their users and local communities about their genuine interest in investigating and taking action against similar cases. However, it should also be a matter of investigation why the platforms themselves enable interaction between hosts and visitors where booking accommodation is permitted only under exceptional circumstances (e.g. moving house, for work or fleeing domestic abuse).

Online platforms will soon have new tax reporting obligations in Belgium



The time has come for platforms in Belgium to work more closely with the state's institutions, contribute to transparency and [prevent cases of tax evasion](#), when landlords do not report properly or at all the income generated through the STR activity. Both landlords and the platforms such as Airbnb and Booking.com will have to demonstrate accountability on this matter in the light of new rules introduced by the Ministry of Finance. The platforms will have to report an annual summary of the amounts they have collected towards the landlords and the same document should be also sent to the tax authorities. A matter of great importance is whether the platforms will fully comply with new rules, providing the exact addresses of the advertised properties and allowing the authorities to check which properties meet fire safety provisions. Moreover, part of the new obligations for platforms will be to explicitly inform their hosts about their own tax and social obligations.

Expedia's VRBO may follow in the footsteps of Airbnb's IPO in 2021



[A January report by Skift](#) revealed that VRBO had the lion's share in US spending for TV commercials and social media ads among the different brands of the Expedia Group, from January 1 to January 20, 2021. The buzz around Airbnb's IPO has likely awakened the interest of Expedia Group leaders, who are aware of two key factors: [VRBO is well positioned in the vacation rental market outside cities](#) and [it has a broad range of local brands](#) (e.g. Vrbo UK, Homelidays.com, Abritel.fr, FeWo-direkt.de, Bookabach.co.nz and Stayz.com.au) which can capitalize on the staycations boost in major markets. The more VRBO will manage to add to the financial perspective of Expedia Group over the next few months the more the Expedia Group will assess what financial and market share benefits an independent VRBO could secure.

Booking.com looks towards cryptocurrency as a way to entice new users to the platform



In January, [Booking.com established a new partnership](#) with payment and cryptocurrency platform Crypto.com to deliver travel deals to Crypto.com users, exclusively via the company's app. These news came only one month before one of the most recognised forms of cryptocurrency, Bitcoin, hit a new record high of \$50,000, [after Elon Musk](#), the billionaire chief executive of electric car-maker Tesla, made a shocking announcement it had bought \$1.5 billion worth of bitcoin. As a result of the partnership Crypto.com's users will gain access to more than 400,000 discounted properties and over 28 million accommodation listings. Also, Crypto.com users will be able to benefit from discounts of up to 25 per cent when making accommodation reservations through Booking.com.