

It's been already six years since November 2015, when HOTREC published the ['Policy Paper On The "Sharing" Economy: Levelling the Playing Field'](#), the first dedicated report for spreading awareness about the need for fairer regulation of short-term rentals (STRs) among the travel and tourism community. Besides a dedicated analysis of what cities and countries used to do to regulate STRs more fairly, the paper included a 10-point charter, clearly articulating what public authorities in Europe can do to create a more level playing field for all actors concerned and protect the principles of fair competition.

It's fair to say that the paper has not yet lost its diagnostic value and advisory capacity, no matter how many dramatic changes the tourism and hospitality industry has seen over the last six years or how many of the paper's assumptions and recommendations require a fresh assessment of policies and practises in the field of STR regulations. As the tourism sector begins to emerge from the COVID-19 pandemic, understanding changing business strategies from the side of major platforms is crucial. This includes how the platforms adjust their arguments ahead of initiatives such as the Digital Services Act and a potential set of sector-specific regulations at EU level, and how they pursue niche market opportunities (e.g. rural stays, long-term rentals). Knowledge-building in these areas is key to HOTREC' capacity to advise its member associations as well as a wide range of international and country-specific institutions.

Such an approach will ensure that major platforms will continue to face challenges, as long as they stay committed to avoiding liability by misleading destination authorities and local communities. For instance, Airbnb has recently argued that their activity contributes to pandemic resilience and greater geographic dispersion in economic impact. [In the report they published early in November](#), however, one will find no information about cities such as Vienna and Amsterdam, where Airbnb has recently faced strong opposition, or further data on the regularly anonymous destination partners of [Airbnb's City Portal](#). In short, there are no references to concerns about social cohesion and issues such as access to affordable housing. Thus, the more the platforms will only tell half the story the more our initiatives will enable an inclusive and thorough discussion about the impact of STRs on contemporary cities and destinations.

Finally, it's important to note that on December 14, the public consultation on the STR initiative launched by the European Commission on September 27 came to an end. The consultation invited citizens and organisations from all EU member states to contribute with their knowledge and perceptions on the STR landscape and the impact of plausible measures affecting their services. The number of valid, submitted responses reached 5.542, while the majority came from France (25%), Italy (17%), Spain (10%) and Germany (10%). According to the European Commission, "the initiative aims to develop responsible, fair and trusted growth in short-term rentals, as part of a well-balanced tourist ecosystem and ensure a level playing field for all accommodation service providers". The feedback on its adoption is planned for the first quarter of 2022.

Restarting the STR market will be slow going

While downside risks with the potential to further slow the tourism sector's recovery remain due to the rampant Delta variant (and more recently the Omicron variant), only four major European countries (Russia, Germany, France and Switzerland) saw positive growth demand in October 2021 over the same month in 2019, based on data by [Airdna](#). Most importantly, 8 of the 25 largest cities had yet to exceed 50% of their pre-pandemic demand levels over the past 20 months as of October. Due to the sustained period of low demand, many owners have cancelled their listings among online platforms or converted to other uses on a temporary basis. The number of available listings has dropped by approximately or more than half in seven of these markets: Copenhagen (-48%), Barcelona (49%), London (-52%), Budapest (-56.4%), Amsterdam (- 56.6%), Prague (-59.8%), and Dublin (-64.8%). European hosts would like to hope for a strong 2022, yet STRs in Europe are likely to follow in the US market's footsteps. In this case, Airdna maintains that US urban travel to gateway cities will rebound by Q3 / Q4 2022, ahead of a full recovery in 2023.

Europe October 2021 Change in Demand and Available Listings vs 2019 in the 25 Largest Cities

BOTTOM MARKETS FOR DEMAND CHANGE		
CITY	DEMAND % CHANGE	AVAILABLE LISTING % CHANGE
DUBLI, IE	-68.9%	-46.8%
PRAGUE, CZ	-65.9%	-59.8%
AMSTERDAM, NL	-61.7%	-56.6%
COPENHAGEN, DK	-58.2%	-48.1%
LONDON, UK	-56.4%	-52.1%
BUDAPEST, HU	-55.9%	-56.4%
BARCELONA, ES	-54.9%	-48.7%
FLORENCE, IT	-50.1%	-45.5%
BERLIN, DE	-49.9%	-46.9%
BRUSSELS, BE	-47.7%	-40.1%

Source: [Airdna](#) (October 2021)

Vienna's Higher Regional Court prohibits Airbnb from renting out city-owned housing.



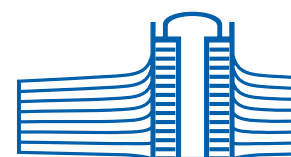
In 2020, the city owned real-estate management company Wiener Wohnen, which owns approximately 220.000 apartments, prohibited its tenants from subletting their flats, which are available for rent at symbolic prices. Based on this decision, Wiener Wohnner raised the issue in court, where they won twice, the second time following an appeal by Airbnb. Subsequently [the platform was forced to take down any listing matching the address of public house](#) and subletting city-owned apartments will not be possible anymore on Airbnb and similar platforms. Moreover, Airbnb has been [forced to introduce a set of measures in Vienna](#), such as a hotline to anonymously report suspected illegal rental or other problems (e.g. loud parties).

Paris squeezes the activity of STR operators with new restrictions on commercial spaces



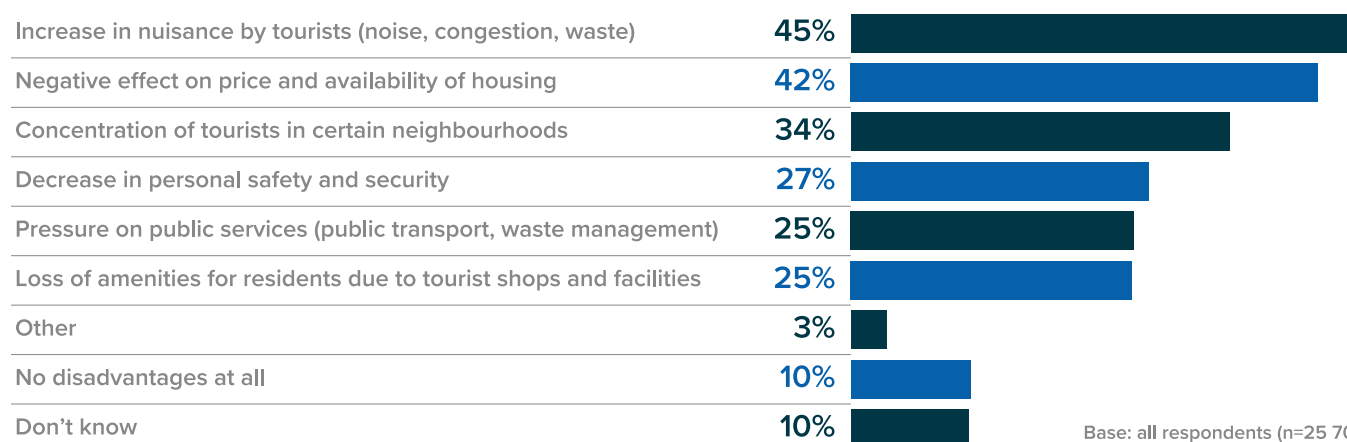
Transforming commercial spaces into short-term rentals is not going to be a straightforward process anymore in Paris. According to a new set of rules voted by the Paris City Council in mid-December, authorisation to transform a commercial space into short-term accommodation will not be granted unless it is ensured that the transformation does not cause disruption on the balance of local employment, housing and commerce. According to a report by [Reuters](#), the Council has argued that STR uncontrolled growth is responsible for the loss of 59,000 square metres of commercial space, while 900 businesses have disappeared over four years.

European Commission report shows local grief against short term rentals in EU



[The survey that was carried out by the European Commission in September-October 2021](#) has shed light on important challenges arising from the uncontrolled growth of the STR market. Based on a sample of 25.700 respondents across the 27 EU members, the Eurobarometer showed that just a small minority of 10% believe there are no disadvantages. Almost half cite as the main disadvantage the increase in nuisance by tourists (noise, waste, congestion), while 42% highlight the negative effect on price and availability of housing. However, some problems are more important than others depending on the country. For instance, the percentage for the latter is as high as 65% in Ireland and Greece, followed by the Netherlands (51%) and Germany (46%). Nevertheless, [Dublin City Council has introduced](#) since 2019 legislation imposing fines on those offering residences (that they do not own) as short-term rental without permission. Another policy adopted by the Council prohibits planning for developments which would result in the loss of permanent residential units within certain zones.

And what, in your view, are the disadvantages? (% EU27)



Base: all respondents (n=25 700)

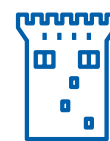
Source: [Eurobarometer](#) (October 2021)

Scottish government introduces plan to licence short-term lets



The Scottish Government [proposed new legislation](#) that will require operators of STRs to apply for a licence, providing the local authorities with further power to take action where there is a need. This proposal follows previous legislation that [came into force in April 2021](#) and allows local councils to establish short-term let control areas. The new legislation, which is under approval, will notably require each local authority to create a licensing system by October 2022, while operators will be required to apply for a licence by July 1, 2024. [Highland Council has already introduced a pilot assessment](#) in the Badenoch and Strathspey areas in order to fight the difficulties faced by young people to find housing that ultimately leads to local businesses experiencing problems in finding personnel.

Belfast Council calls for STRs regulation



There are rising concerns in the Council of Belfast about the unregulated increase in STRs (Airbnb and other platforms) and their potential impact on the community including potential anti-social behaviours, raising house prices and damage to the social cohesion. The Council [formally expressed](#) the need for review of the issue, along with the creation of an appropriate regulatory and licensing system for properties of that type. Such a system can include special zones with limitations on the number of authorised STRs. It should be noted that all tourist accommodation [must be certified](#) by the Northern Ireland Tourist Board.

Online platforms announce strategy calibration, along with Q3 2021 results



Vrbo's recent performance [is cited](#) as one of the main drivers of Expedia's positive results. [During the](#) announcement, it revealed the company's focus on larger families and groups of friends (compared to Airbnb's families of three), while it will keep its annual flat-fee subscription and run its first campaign targeting hosts. Lastly, it launched a [thematic website](#) as part of its efforts to get involved in policy developments. Vacation rental management platform Vacasa that has around 30.000 homes under management on the higher end and in wealthier countries ([\\$350 average daily rate \[ADR\] vs. \\$150 ADR globally](#)), [exceeded its revenue targets](#) (\$258 mln) by \$72 mln. Airbnb [reported the strongest quarter in its history](#) (36% over the same period in 2019) mainly due to high ADRs and results in North and Latin America, in part thanks to remote working that led to longer stays. Bookings in Europe [remain](#) below 2019 levels. Following the results, Airbnb plans to focus on providing more flexibility options regarding booking and continue its efforts to increase the number of properties in less central regions.

Prague Municipal Court ruled that short-term rentals via platforms are an “accommodation service”



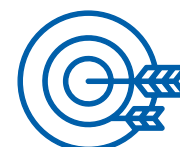
The decision of the Court for the likes of Airbnb and Booking, essentially means that such listings need to be registered and taxed accordingly. Shortly after the ruling, the city's building authorities already [imposed the first fine](#) against an Airbnb operator for not following the regulation. It's important to note here that in January, the Prague City Council joined other European cities in requesting Brussels to better regulate such platforms. In September, the Prague Public Transit Company [entered for the first time](#) in a public-private partnership to transform Nádraží Holešovice metro stop into a modern district, which is expected to increase flats offering, among other goals.

Cities examine alternative solutions to tackle the affordable housing shortage, but policy interventions seem with the most potential



Cities are experimenting with alternative measures to tackle the scarcity of affordable housing, driven by the increase of short term rentals among other factors. One of them is [the conversion of office space](#) to residential units. It is not a new phenomenon, with a large conversion project having taken place in the Niederrad office district in Frankfurt back in the 2000s resulting in the creation of three thousand apartments. However higher vacancy rates due to the pandemic and remote working, along with potential environmental benefits have brought the concept back to the forefront. The cost (financial, regulatory implications) of such projects means that the phenomenon remains quite limited. In a similar vein certain cities such as Slovakia examine the acquisition and upgrade of older apartments. Still, Slovakia's initiative [so far did not deliver the anticipated results](#); by the end of the recent public call only one apartment was offered. Considering these challenges, the comparative efficiency of policy interventions is getting more and more apparent. However, its advocates support that [the state needs to](#) “recognise that housing can be regulated and that there is such a thing as national housing policy that can be put in place to influence the housing situation” to fulfil its goals. As it was mentioned during the webinar with Toposophy in October, [the European Commission considers](#) a set of pan-European rules in order to amplify the fragmented landscape of local regulation.

Online platforms develop new solutions driven by competition among each other



The initiative is about a pilot offer currently available in California, London and Punta Mita that will allow visitors booking rentals on Homes & Villas by Marriott International (HVMI) to be able to enjoy experiences at Marriott Bonvoy hotels, such as an exclusive dining experience with the executive chef of the hotel at the home rental, along with parallel benefits from the loyalty program. [The project follows an aggressive expansion](#) by HVMI that increased its inventory eight times over the first 20 months from its official launch. Other platforms have also intensified their marketing efforts towards both visitors and hosts with Airbnb [launching its first large-scale campaign](#) (“Made by Hosts”) in five years and focusing on credit programs and VRBO [targeting Airbnb's super hosts](#) with a special onboarding program.