

A great deal of evidence in the 1st quarter of 2019 points out the competition being developed in the international market of short-term private accommodation rentals (STR). That is already an intense battle between Airbnb and OTAs, with destination authorities facing a much more complex situation than a few years ago. Since the positive impact solely of Airbnb is more and more under question, how can local communities afford a vast offering of STR in various destinations? That is a key output from a cost-benefit analysis report by the [Economic Policy Institute](#), arguing that there is no reason for local policymakers in the US to let Airbnb bypass tax or regulatory obligations because:

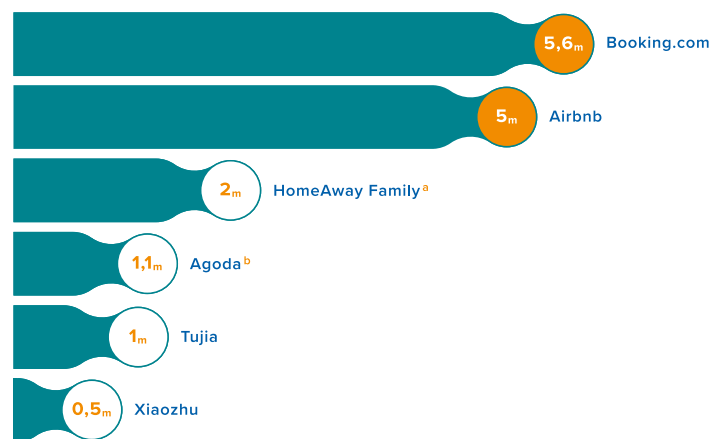
- 1 The economic costs Airbnb imposes likely outweigh the benefits.
- 2 Airbnb might, as claimed, suppress the growth of travel accommodation costs, but these costs are not a first-order problem for American families.
- 3 Rising housing costs are a key problem for American families, and evidence suggests that the presence of Airbnb raises local housing costs.
- 4 The potential benefit of increased tourism supporting city economies is much smaller than commonly advertised.
- 5 The shift from traditional hotels to Airbnb lodging leads to less-reliable tax payments to cities.
- 6 City residents likely suffer when Airbnb circumvents zoning laws that ban lodging businesses from residential neighborhoods.
- 7 Because Airbnb is clearly a business competing with hotel lodging, it should be subject to the same taxation regime as hotels.

So far in 2019 Airbnb has made a couple of big statements, sending a message that it will try to sort out its partnership-building and product diversification strategy before going for an [initial public offering](#). The recent [partnership with Visit Britain/Visit England](#) is a sign that [Airbnb Experiences](#) will be a vehicle for enhancing the platform's profile as a contributor to the promotion of local-led destination experiences and the wider distribution of visitor economy benefits to local communities. Moreover, [by acquiring the hotel booking platform HotelTonight](#), Airbnb hopes to keep in pace in terms of technological innovation and growth scale with Expedia and Booking.com in particular.

For [Expedia](#), it is possible that HomeAway has already topped expectations on both earnings and bookings. In the 4th quarter of 2018, revenue from HomeAway rose +20%, the slowest rate of the year. Also, the growth of gross bookings decreased from +47% in the fourth quarter of 2017 to +15% for the whole of 2018.

For Booking.com, the respective picture is more rosy. According to Knowledge@Warton of the [University of Pennsylvania](#), Booking.com had over 5.6 million listings in 227 countries in October 2018, while Airbnb has over 5 million listings in 191 countries. [Early in March](#), Airbnb responded that it had more listings (6+ million) than Booking.com and should be seen as the unrivaled brand of a community of loyal hosts rather than an aggregator of properties and commodities. Such a statement does not however change the fact that Booking.com has been regularly updating in 2019 a [dedicated page for STR laws and regulations](#) across 120+ areas (countries and cities) in Europe. Booking.com recognizes that all info and links provided through the webpage are a courtesy and do not constitute a comprehensive overview of all mandatory legal requirements; another sign that the head-to-head rivalry of Airbnb and Booking.com means more work for destination authorities on enforcing STR regulations.

Total local host rental offerings by key service providers



^a HomeAway Family includes HomeAway and VRBO

^b Agoda reports number of properties, not listings

Source: based on data compilation (for October 2018) by Knowledge@Warton, University of Pennsylvania



The City of Amsterdam takes further action to ensure STR regulations' enforcement

Within less than a month the City Council in Amsterdam made explicit twice its intention to take a decisive approach to neighborhood issues and soaring property prices caused by STR activity. [First](#), late in February 2019, the Council decided to monitor more strongly whether the current thresholds after failing to reach a deal with Airbnb and similar platforms on making sure that they turn off advertisements of listings when the city's 30-day limit is reached. Second, on March 14, a [Bloomberg](#) report shed light on the most recent idea of Amsterdam officials to introduce an outright ban on newly built homes being rented out.



The European Commission is concerned with complex STR rules in Brussels

Airbnb was quick to welcome a statement by the [European Commission](#), questioning the approach taken so far by the City of Brussels. It is likely that the European Commission finds it difficult to accept that no differentiation exists among regulations for different types of accommodation establishments, including short-term rentals as well. By saying that “*the Belgian regulatory framework imposes disproportionate requirements that are not compatible with the Services Directive*”, the [European Commission reinstates its position](#) that under EU law market access requirements “*need to be justified and proportionate, taking account of the specificities of the business model and innovative services concerned while not favouring one business model over the other*”.



MPs from across the wider region of Edinburgh ask residents to share their Airbnb “horror stories”

In February 2019, [Airbnb spearheaded an email campaign](#) in order to ingratiate itself to Scottish politicians. However, this initiative finally backfired in the Lothians Region, where the residents and neighborhoods of Edinburgh are under growing pressure. Many of the recipients doubled down in their calls for tighter regulation of the STR market, while MSP Keziah Dugdale wrote in Twitter: “*Dear Edinburgh residents, AirBNB are love bombing your Lothian MSPs with stories about how great they are - now is a good time to share your horror stories of living next door to party flats and holiday let's if you want better regulation.*”



Public authorities in Greece eye further STR restrictions in order to meet growing concerns

The first quarter of 2019 has raised several issues for Greek authorities with regard to the ongoing growth of short-term rentals. A study published by [Arbitrage Real Estate](#) late in 2018 showed that half of Greece’s properties leased short-term on Airbnb-style platforms are being run by management companies, with Athens capturing the 2nd position in the respective ranking of European capital cities. Also, the [Hellenic Chamber of Hotels](#) published a report which showed that the annual growth rate of short-term rentals in Greece has reached some 25 percent, creating a crowding out and price effect, resulting to an increase in long-term rents by 9.3 percent in Athens and 8.3 percent at country level. The recurrence effect on the environment is also rising with an estimation of 21% increase in waste management. In the light of these results, an [inter-ministerial committee](#) would seek ways to impose new restrictions on the number of nights and properties that individual operators/owners and/or professional companies can lease in a given period.



Decisive measures prompt notable progress on Airbnb hosts being registered in Hamburg

Since the beginning of the year [Hamburg](#) has had one of the toughest laws in Germany against the misappropriation of living space. According to the law Hamburg citizens are only allowed to sublet their holiday home for eight weeks. In addition, they must register with the authorities, otherwise up to 500.000 Euros could be fined.

Airbnb was the first to give up its resistance to the Hamburg Housing Protection Act. It now calls on the approximately 9.000 Hamburg landlords who offer their apartments on the online platform to register with the city.

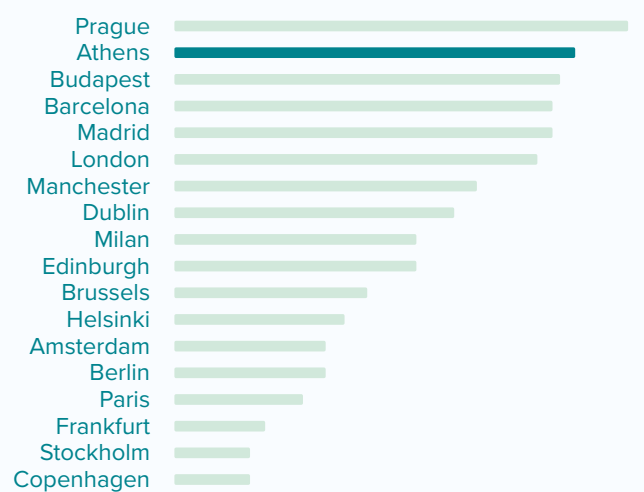
[In mid-March](#) the number of registered Airbnb landlords had reached 2.448, compared to 1.134 in late February (+116%).



New STR regulations focus on protecting the authentic character of Madrid’s city center

Facilitating the enforcement of the newly-introduced, annual cap of 90 days is a key feature of [STR registration-related requirements](#) across the most saturated areas of Spain’s capital city. If a landlord wishes to rent out a property in neighborhoods nearby the city center for a longer period, acquiring a license for tertiary use of accommodation will be compulsory. In the case of flats, however, this license will be valid only for residential buildings including no less than two entrances – one should be used by visitors, the other one exclusively by regular residents. For buildings situated within the city center, the entrance for visitors should be combined with a reception area or lobby. Essentially, these regulations are expected to lead to the [large majority \(up to 95%\) of city center properties being withdrawn](#) from the STR market.

% properties run by professionals



0% 10% 20% 30% 40% 50% 60%

Source: AirDNA / ARBITRAGE RE – Edit: ARBITRAGE RE