

Airbnb and the real estate sector

CEPI calls upon the new European Commission to examine the impact sharing platforms such as Airbnb are having on the housing market

- Airbnb is increasing in popularity and commercialisation as guest numbers have increased by as much as 63% in some EU countries.
- The growing market share of Airbnb is reflected in a lower amount of rental stock available.
- Attempts to control its expansion are restricted by existing EU legislation such as the Services Directive and the E-Commerce Directive enacted before the creation of the collaborative economy.
- Non-regulated Airbnb may impact on the management of multi-apartment buildings and their occupants.
- Cities need to be able to make decisions at local level in the interests of all those involved in the real estate sector.
- Policy intervention is necessary to ensure that housing availability for citizens is prioritised over tourism.
- Real estate professionals highlight their concerns about lasting effects on the housing market and call for further investigation about the impact of platforms such as Airbnb.

Airbnb is an online marketplace that connects homeowners who want to rent out a room or entire home with people who are looking for short-term accommodation. The increasing popularity of Airbnb and other platforms in the short-term rental market, together with greater commercialisation due to its attractiveness to investors, means that it is having a growing impact on the housing markets for both sales and rentals. It is also attracting more attention from regulators attempting to control its activities, but to date this has resulted in a number of different approaches and requirements at national and local level.

CEPI welcomes investment and innovation in the real estate sector, but Airbnb's impact on the market is significant and detrimental to a vibrant rental sector. We ask that the new European Commission take into account in its consideration of Airbnb and similar platforms the following points:

- **Airbnb is having a clear impact on the real estate sector**

The development of Airbnb is having an impact on the real estate sector and the work of real estate professionals. There has been a notable growth in the size of the short-term rental sector in recent years and this is a trend which is expected to continue.

- **Prices and rents in popular locations are being affected**

There is some empirical evidence suggesting that Airbnb is having an impact on prices for both sales and rentals. This is particularly the case in the most popular locations (e.g. Paris, Barcelona, and Amsterdam). Its popularity means that properties suitable for use as an Airbnb attract increasing interest from investors, raising prices. The rents payable for short-term rentals are higher than average, having the effect of raising rents in certain locations where activity is concentrated.

- **A reduction in the supply of affordable housing has an impact on the private sector rental market**

There is a risk that the use of housing for short-term rentals may reduce the supply of properties for sale (increasing prices). It also risks shrinking the supply of properties in the long-term private rental sector, particularly the affordable private rental sector. However, establishing a clear link is difficult because other factors, such as the low rate of construction, also apply, and more evidence is needed to analyse the real impact. Real estate professionals recognise the need for a healthy housing supply and transparency in the short-term rental market.

- **New business models may contribute to economic growth but the collaborative economy has consequences for the application of existing legal frameworks as well as access to markets**

There is also a trend in the reallocation of available housing from the long-term housing supply to the short-term rental market. An adequate supply of short-term leases in the residential sector is important for mobility and economic growth. The European Commission stated in its Communication on an EU agenda for the collaborative economy¹ that the collaborative economy can make an important contribution to jobs and growth in the EU, if encouraged and developed in a responsible manner. CEPI questions if Airbnb meets this requirement.

- **There is an increased risk of nuisance and anti-social behaviour in certain locations**

Real estate professionals have to deal with the consequences of the impact on neighbours and others when different uses are made of property. Property managers in particular are confronted by problems caused by short-term rentals in multi-apartment buildings. These problems may include nuisance caused by additional noise and disturbance due to the behaviour of temporary occupants. Some co-ownerships (e.g. in Belgium) are already restricting the right of owners to let their properties on a short-term basis but finding solutions to these problems can be difficult.

- **Uncontrolled development risks the creation of “tourist cities”**

Unlike hotel accommodation, properties used for Airbnb are likely to be in residential areas, creating additional pressures on local amenities. Due to their concentration in certain locations, there is a risk of creating “tourist cities”. This may create disturbance and problems for local residents who may be forced out to cheaper, less central locations.

- **It must be clear if the activity involved is commercial**

There needs to be a distinction made between the activity of individual homeowners renting out all, or part, of their property on an occasional basis and larger, commercial, operators who may have a number of properties which they rent on a regular basis resulting in a new business model. It may be necessary to find a definition of the service economy distinguishing it from business services which require a different approach.

- **Lack of transparency and cooperation**

Airbnb refuses to release significant data on the number of dwellings promoted via the platform and number of rentals, in spite of legislation at national level requiring Airbnb to make this information available so that the authorities can ensure that rentals via Airbnb respect rules on fire safety and minimum quality standards. For example, in Flanders the government has taken legal action through the courts in order to encourage Airbnb to follow rules already implemented by all other touristic sectors. The refusal by Airbnb puts at risk the level playing field in the tourism sector.

¹ COM(2016) 356 final

- **New ways have to be found of regulating**

Different localities are finding various ways of trying to limit the activities of Airbnb, with for example Barcelona, Berlin, Amsterdam, Paris and Dublin having different forms of restrictions in place. Concern was expressed earlier this year by ten European cities calling for the growth of global short-term lettings platforms to be on the agenda of the next European Commission. In a joint letter ten cities² stated that “European cities believe that homes should be used first and foremost for living in”. This was in response to the opinion of the Advocate General in a request for a preliminary ruling in a case referred to the European Court of Justice by the Regional Court in Paris that Airbnb is an information society service provider and so benefits from the freedom to provide services contained in the E-Commerce Directive.

CEPI calls on the European regulators to take the following actions:

I: Investigate the impact of Airbnb

The impact of Airbnb on both the sales and rental markets needs to be understood better and it is clear that there is a need for further scientific study on the consequences for the housing market of the development of the collaborative economy.

II: Ensure that appropriate local regulation must remain possible

Attention needs to be paid in any revision of existing EU legislation to ensure that it still meets the needs of a changing economy and market. That Airbnb is attempting to refer to European rules to escape national legislation is a cause for concern with particular relevance for European policy makers.

CEPI also calls upon the incoming European Commission to pay close attention to the increasing difficulties caused by the growth in short-term lettings through platforms such as Airbnb and the need for guidance on the application of the rules concerning them. The housing market would benefit from simple and clear common rules on the short-term letting of residential property that can be adapted to local needs. Cities need to be able to make decisions at local level according to those needs informed by the particularities and requirements of the local residential markets in the interests of all those involved in the real estate sector.

CEPI aisbl

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CEPI (1094652600-90) groups 24 national associations representing real estate professionals in EU and EFTA countries. Its objective is to voice the interests of the real estate sector and professions to the European institutions, improve market knowledge, strengthen working relationships between professionals, and oversee their professional ethics, professional practices and quality of education.

² Amsterdam, Barcelona, Berlin, Bordeaux, Brussels, Krakow, Munich, Paris, Valencia and Vienna.