

# The Impact of Short-Term-Rentals on European Cities

A Study of Existing Policies and Recommendations for Future Strategies

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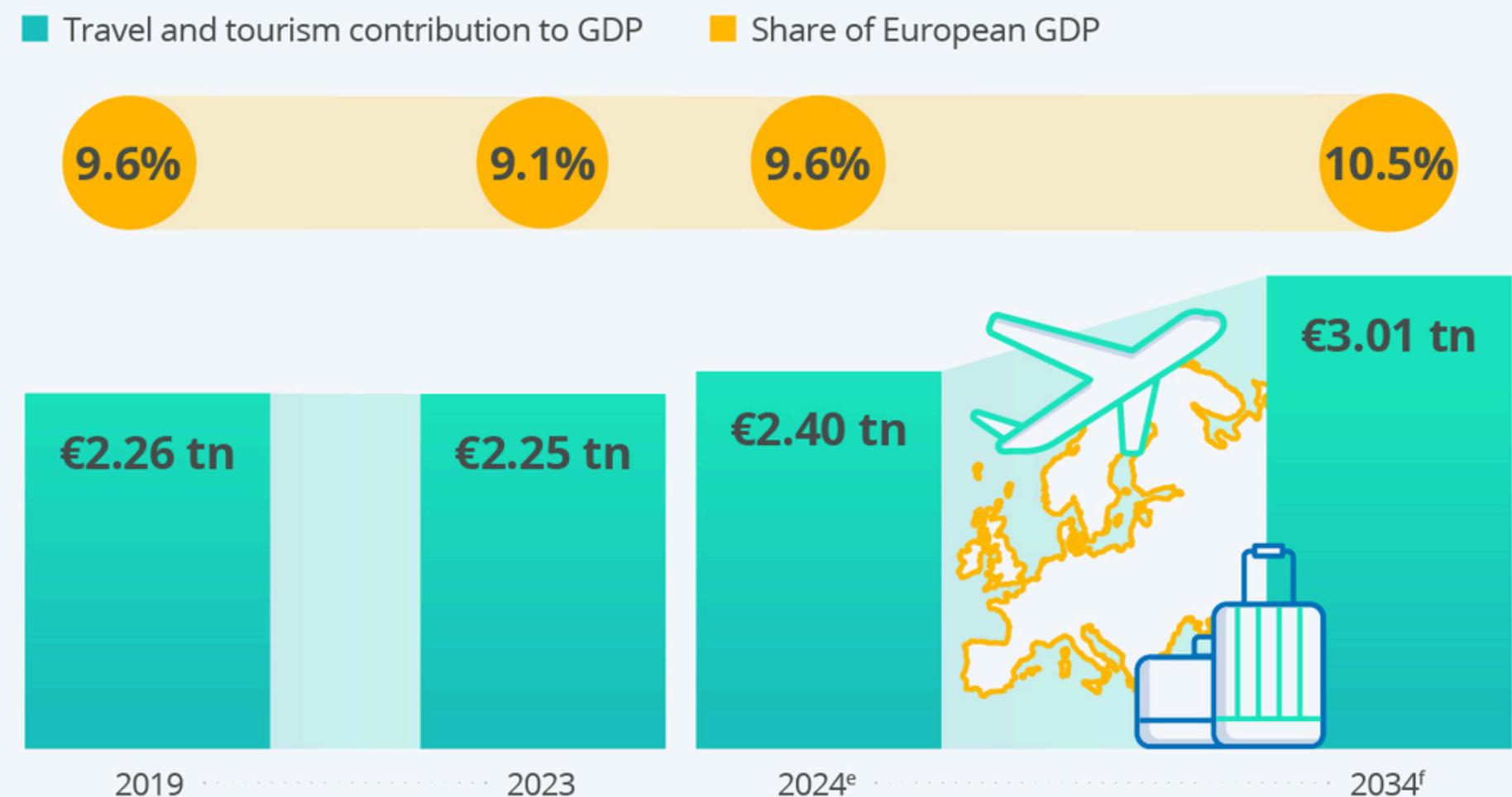


# **The rise of the tourism economy**

# The Rise of Tourism Economy

## TRAVEL AND TOURISM DRIVE ALMOST 10% OF THE EUROPEAN ECONOMY

The contribution of travel and tourism to the European Gross Domestic Product (GDP)



The travel and tourism sector is expected to increase its GDP contribution to the European economy from €2.25 trillion in 2023 to €2.4 trillion in 2024.

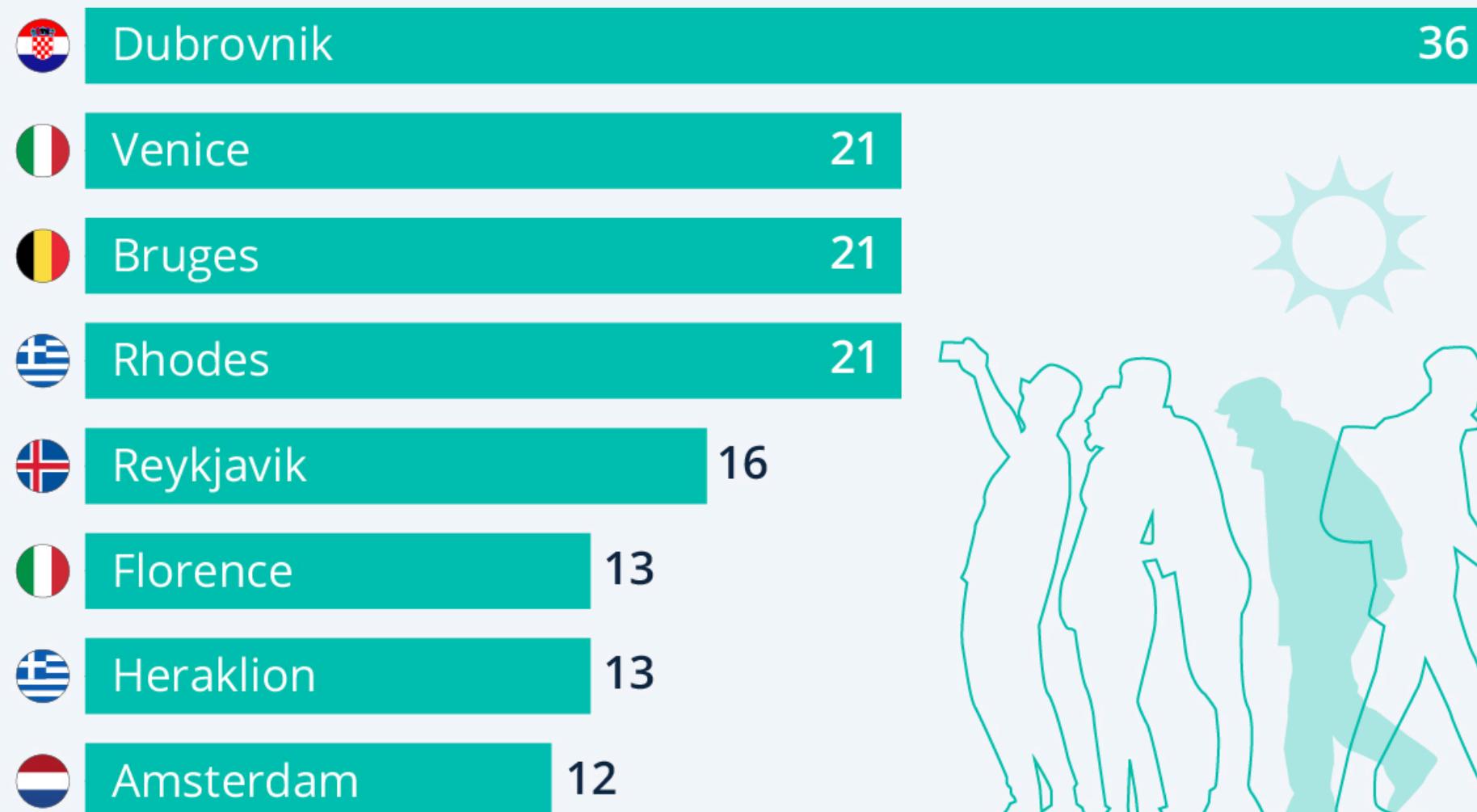
Over the next ten years, this might rise to a staggering \$3 trillion by 2034, representing around a 10th of the country's total GDP.

Source: Statista ([link](#))

# Everything has a Price...

## The Most 'Over-Touristed' Cities in Europe

Annual number of tourists per inhabitant of selected cities\*



Overtourism is defined as the excessive concentration of tourists in a specific destination.

The unregulated and rapid expansion of tourism can lead to the depletion of natural resources, increased levels of pollution, and the erosion of cultural heritage.

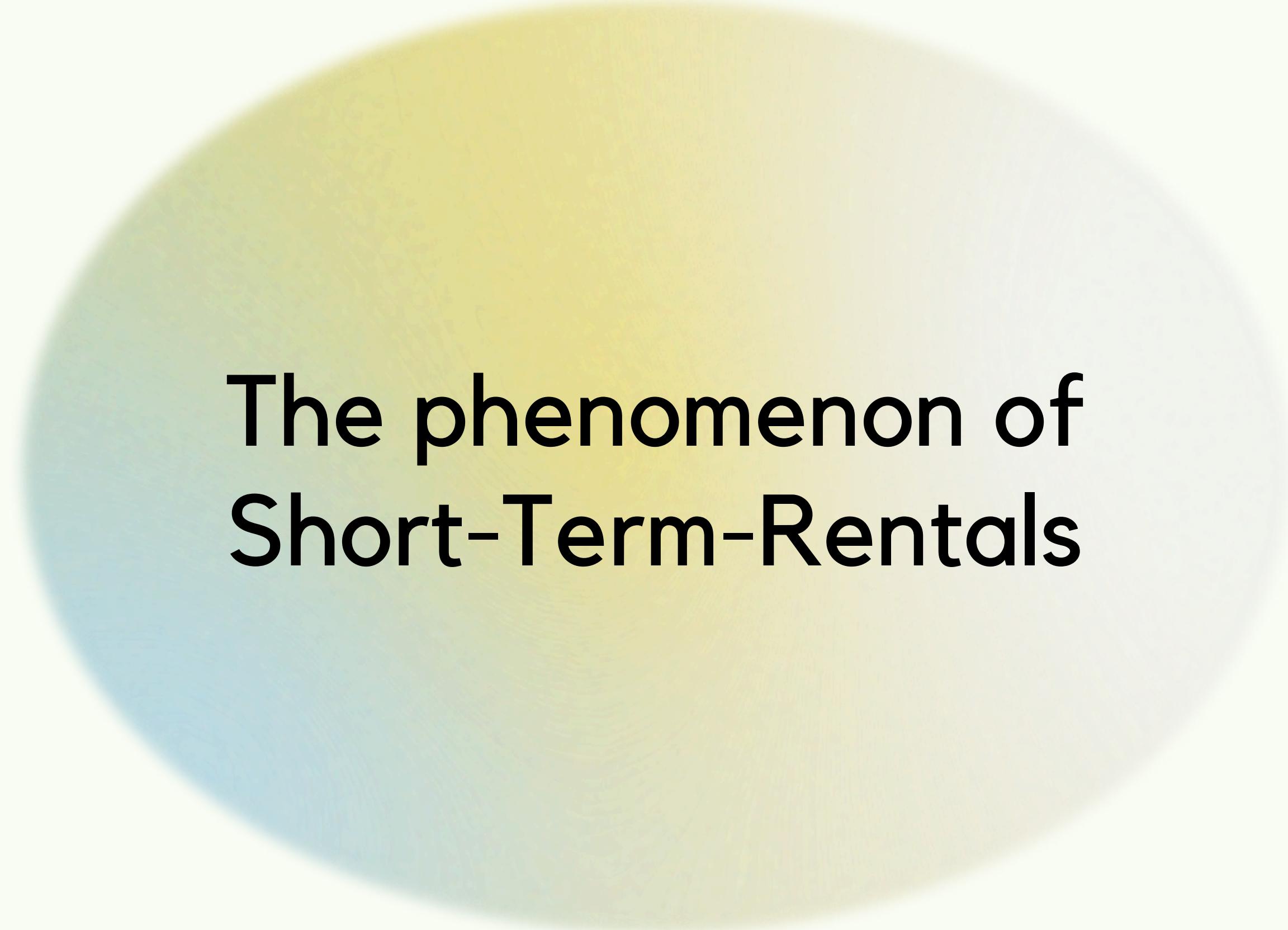
C. Milano et al.

Source: Statista ([link](#))

# Everything has a Price...



July 9, 2024 Barcelona [link](#)



# **The phenomenon of Short-Term-Rentals**

# A New Hosting Paradigm

## Short-Term-Rentals (STR)

describes furnished self-contained apartments or houses that are rented for short periods of time

Facilitated by platform like:



## Advantages:

- Affordability
- Flexibility
- Personalized experience

# A New Hosting Paradigm

The recent boost in STRs is a prominent manifestation of the **sharing economy**, which capitalizes on the underutilization of assets such as homes, vehicles, or skills by connecting owners with those in need

This concept is closely entangled with the **platform economy**, which encompasses the broader digital infrastructure that enables these exchanges by serving as intermediaries

# Airbnbsation of cities

STRs have become a significant driver of urban transformation, contributing to **touristification** (tourism gentrification) in many cities (J. Sequera and J. Nofre).

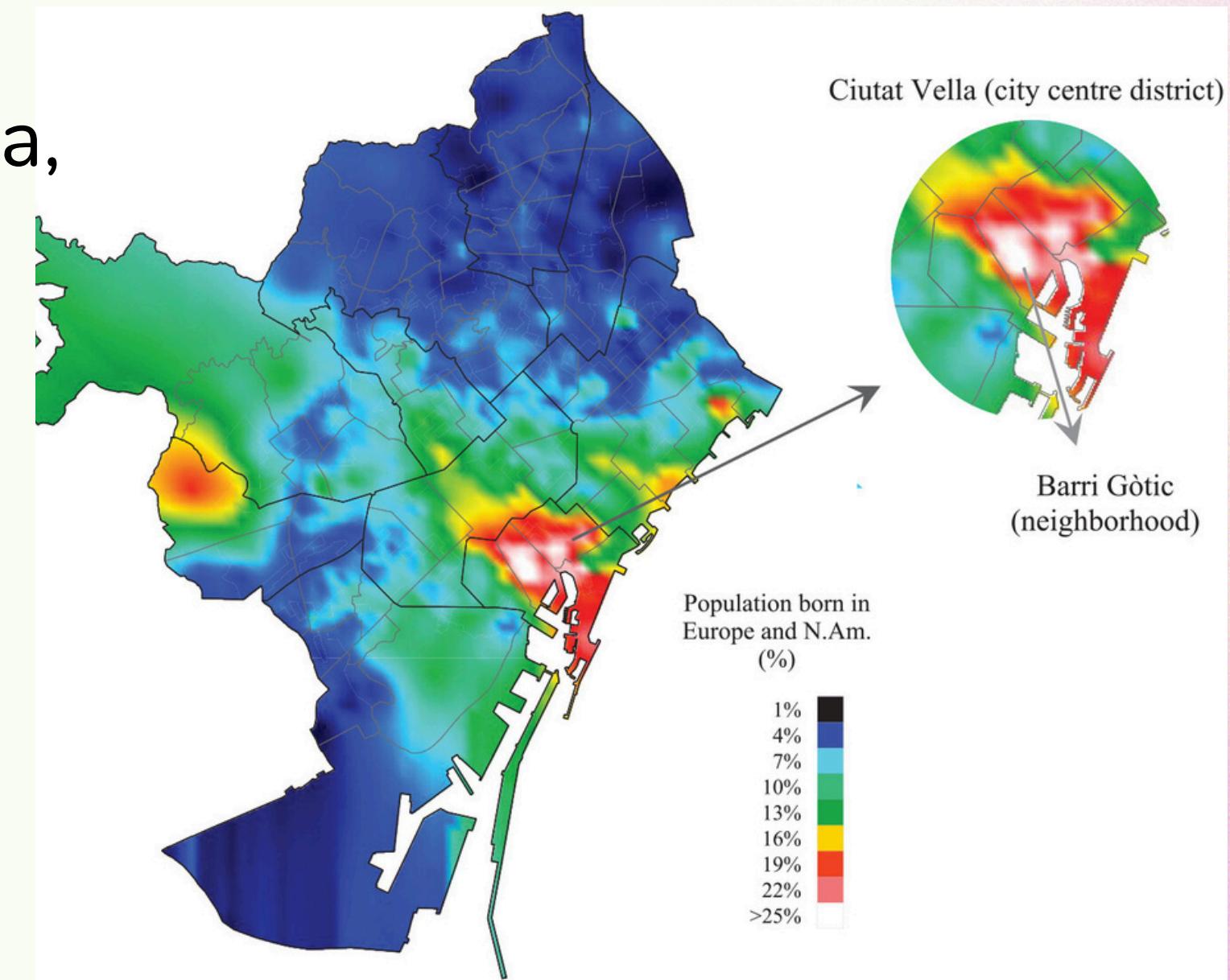
Touristification refers to the process by which urban areas, particularly historic city centers, and culturally significant neighborhoods, are transformed to serve primarily tourists rather than local residents.

# Displacement of residents

In 2019 Cocola and Lopez investigated the impact of Airbnb on gentrification in Barcelona, focusing on demographic changes across the city's neighborhood.

**Lifestyle opportunities** are the primary drivers of attraction.

Over time, these migrants have become spatially concentrated in tourist-dense enclaves. This led to the **marginalization of local residents**.



Transnational distribution of population born in Europe and North America by census tract (1068 · units).

# Overcrowded cities

Coccola et al. conducted a study on socio-spatial impacts on Barcelona, Lisbon and Seville

## 1) Commercial gentrification:

- Residents' neighborhoods are transformed into spaces dedicated to entertainment and consumption for visitors.
- Changes in retail facilities lead to the **displacement of local businesses**.
- Residents frequently report a lack of accessible and affordable places for casual socialization, such as having a drink or snack

## 2) Overcrowded centers:

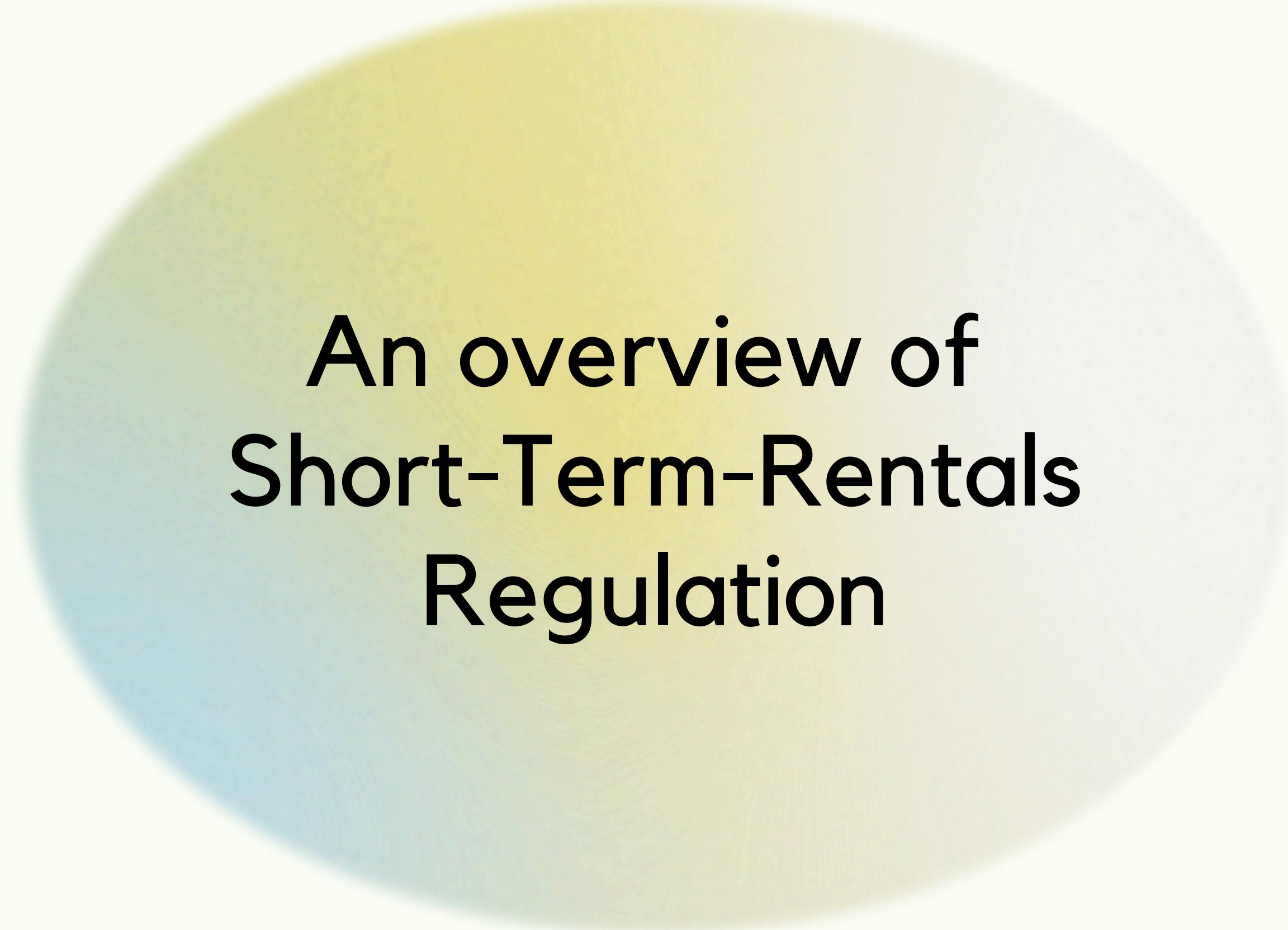
- Residents have described the continuous flow of tourists as a relentless "**tsunami**" that **they must navigate or avoid**.
- Local residents argued about potential risks for children and elders.

# Casualization of labor

**Labor casualization**, characterized by the shift from permanent, full-time employment to temporary, part-time, or freelance work, is a defining feature of the platform economy.

In 2017 **Strabowski et al.** argued that **Airbnb**'s rise has significantly contributed to labor casualization, particularly by promoting the use of non-unionized, flexible labor in sectors traditionally governed by stricter regulations, such as the hotel industry.

**Kambouri et al.** explore the phenomenon of **feminized labor** within the context of Airbnb and platform capitalism, emphasizing that much of the labor associated with Airbnb hosting is feminized and arguing about how this hosting platform perpetuates the notion that such work is inherently feminine, thereby reinforcing the gendered division of labor.



# **An overview of Short-Term-Rentals Regulation**

# Regulating STRs is complex!

## Main challenges:

- **Different levels of authority** that must comply with each other (Municipal, Regional, National, and European)
- Different levels of government often have **divergent perceptions, interests, and objectives**, influenced by varying ideological frameworks and political affiliations.
- **Trade-off between** alleviating the pressures associated with short-term rentals without excessively restricting the economic benefits the industry provides.
- **Enforcement of the regulations established** is also a challenge!

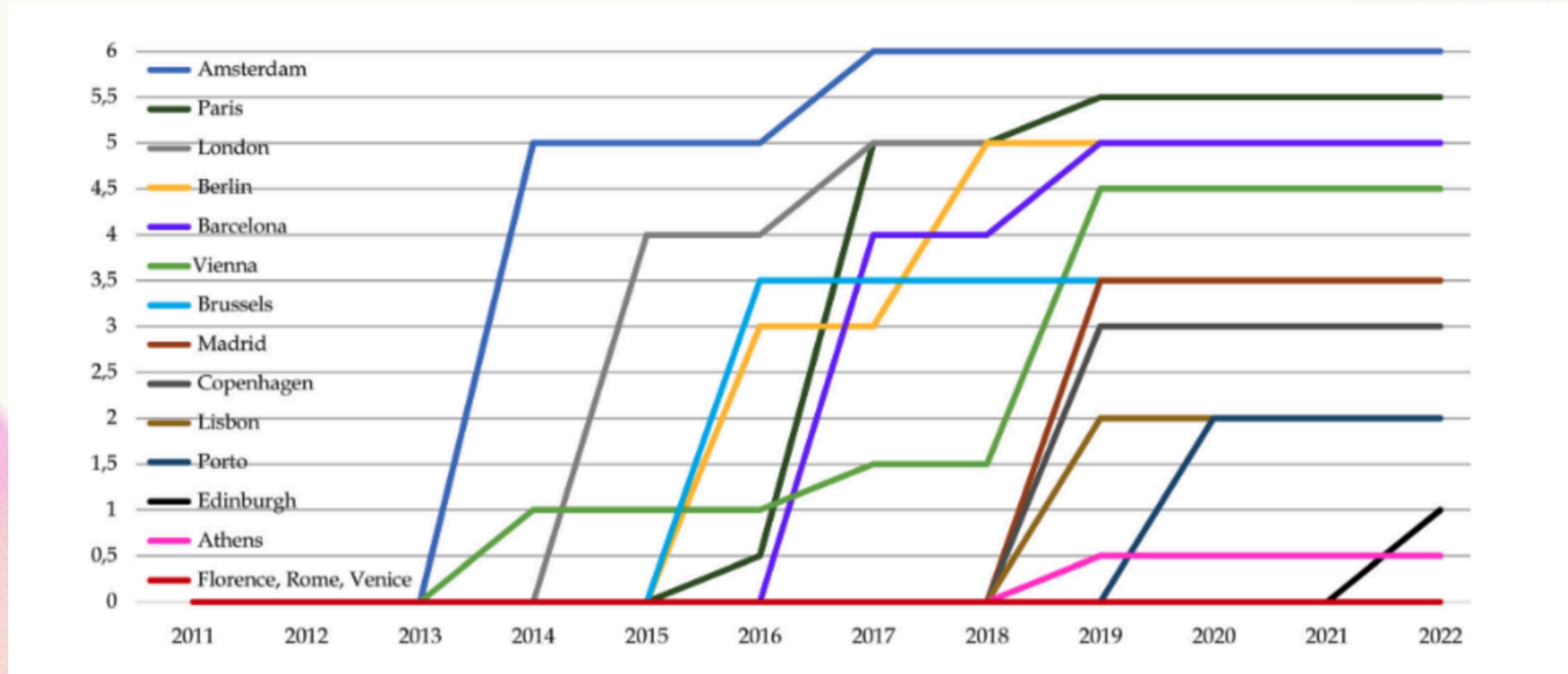
# Type of regulations

The regulatory approaches to short-term rentals in European cities exhibit considerable diversity, both in terms of the level of stringency and the specific objectives they seek to achieve.

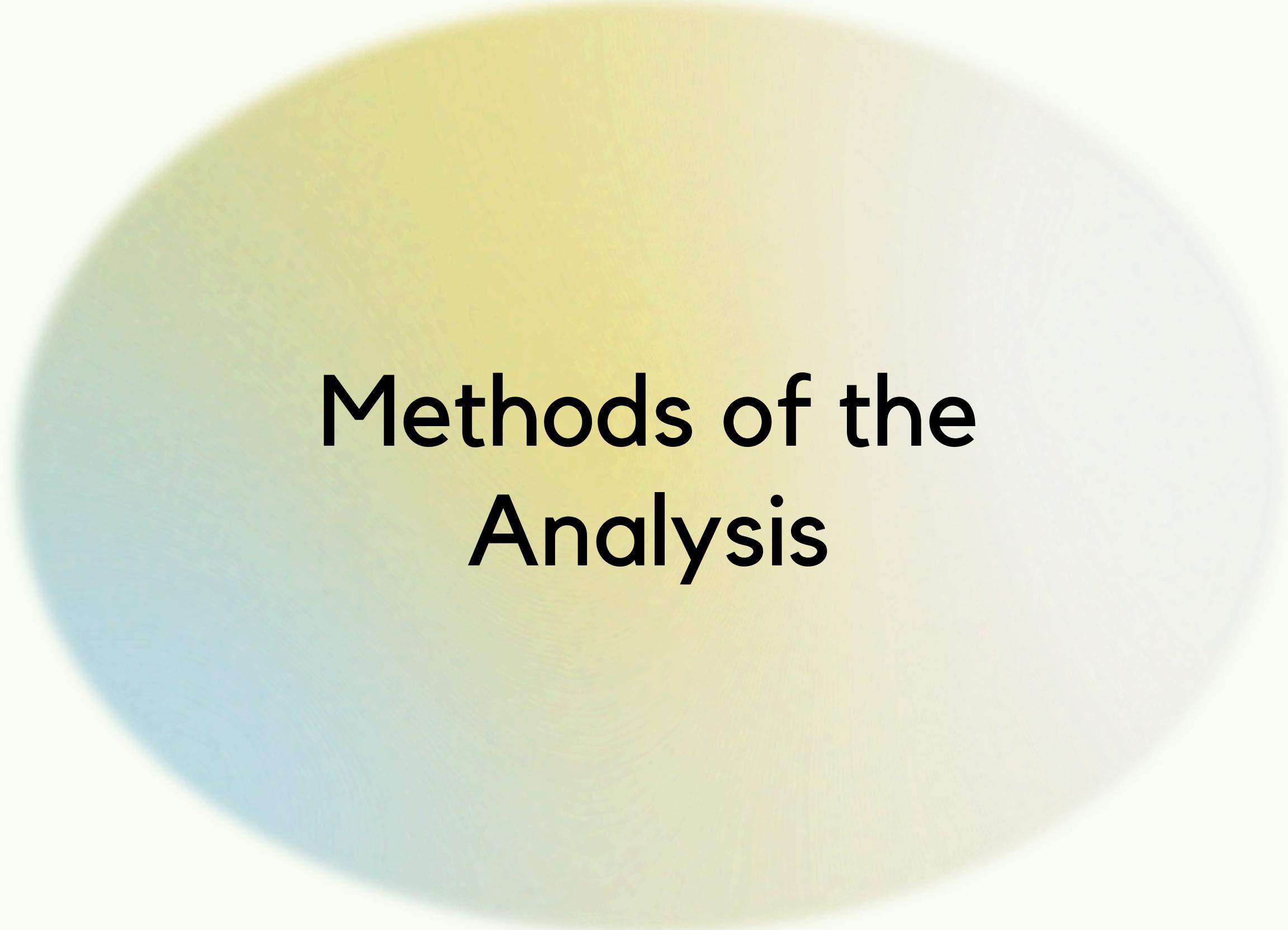
- **laissez-faire** with minimal restrictions (Rome, Florence, Athens).
- **stringent** restrictions (Amsterdam, Barcelona, Berlin).

**The regulations across Europe can be categorized in the following way:**  
Registration requirement, Authorization requirement, Time-Caps,  
Residence Obligation, Zonal Restrictions, Platform Cooperation

# Which are the most stringent cities?



Bei et al.



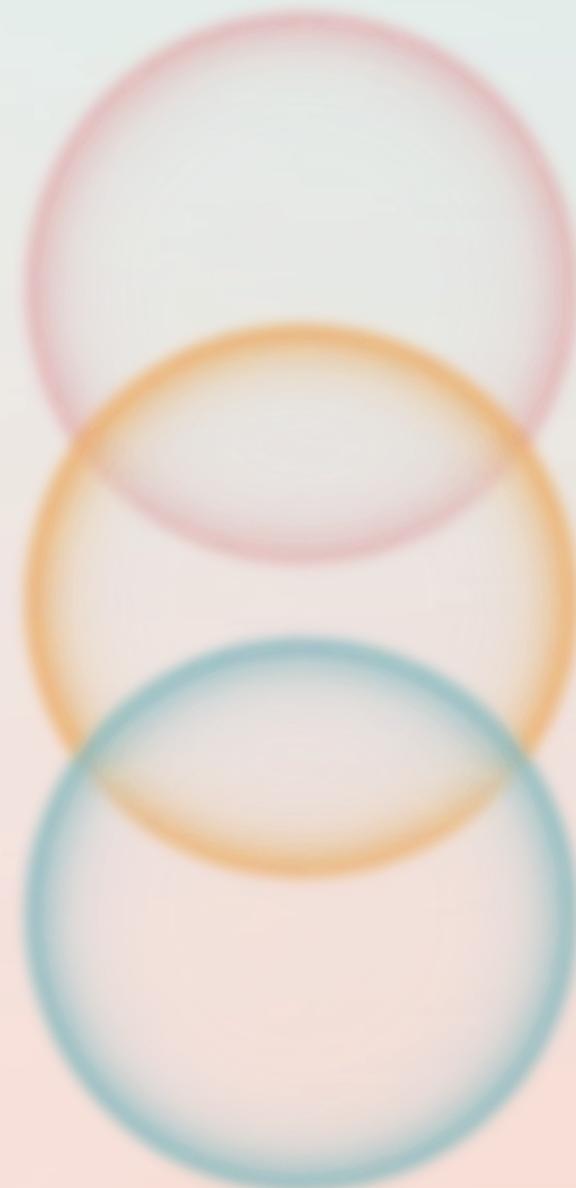
# **Methods of the Analysis**

# Goal and context of the analysis

**Goal:** assess the growth and scale of STR market and its social, economic, and demographic impacts on cities.

**Platform:** Airbnb is the predominant player in platform-based rental market. A single platform was considered to avoid double counting.

**InsideAirbnb** is a portal containing Airbnb data of 75+ cities for the last year, with information such as host ID, room and neighborhood characteristics, availability, max. number of nights, registration date, etc.



# Goal and context of the analysis

**City: Barcelona** is the 6th most popular Airbnb destination worldwide, with a high market penetration of **6.84%**.

On average, the daily price for an Airbnb is **71€**, 6/7 times larger than the daily price of long term rental of **11€**.

The municipality adopted extensive restrictions for STR: in 2014, 2021, and especially 2017 with **PEUAT** regulation

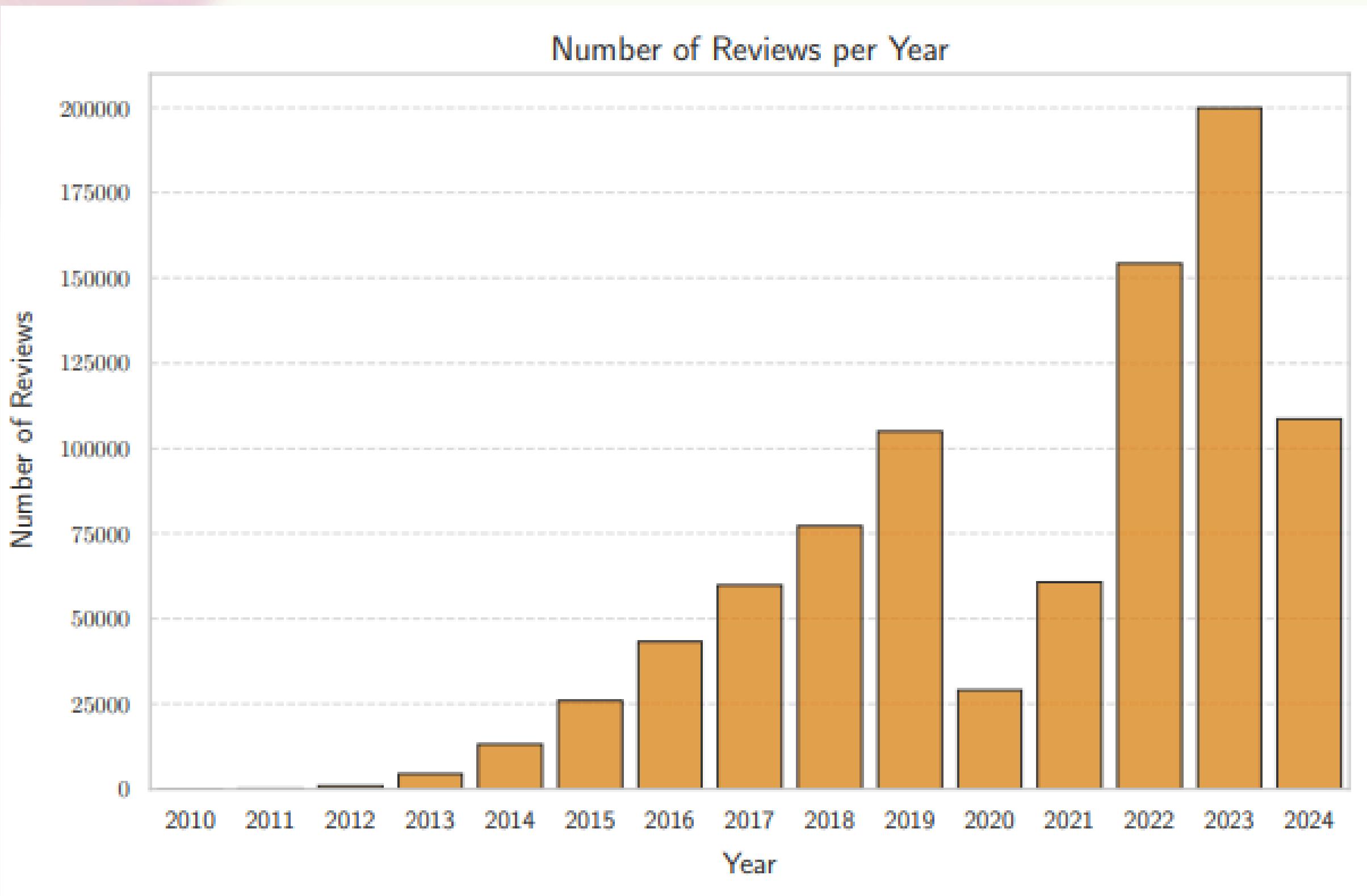
# Research questions

Barcelona analysis	Comparison with Milan
<ul style="list-style-type: none"><li>• How has the STR market evolved in Barcelona over the last 15 years?</li><li>• What has been the impact on sales and long-term rental markets?</li><li>• Have restrictions and governmental actions successfully contrasted the negative effects of STR?</li><li>• Has STR influenced the demographic distribution across the city districts?</li></ul>	<ul style="list-style-type: none"><li>• How does the heavy regulation approach in Barcelona compare to the mild and passive approach pursued in Milan?</li></ul>

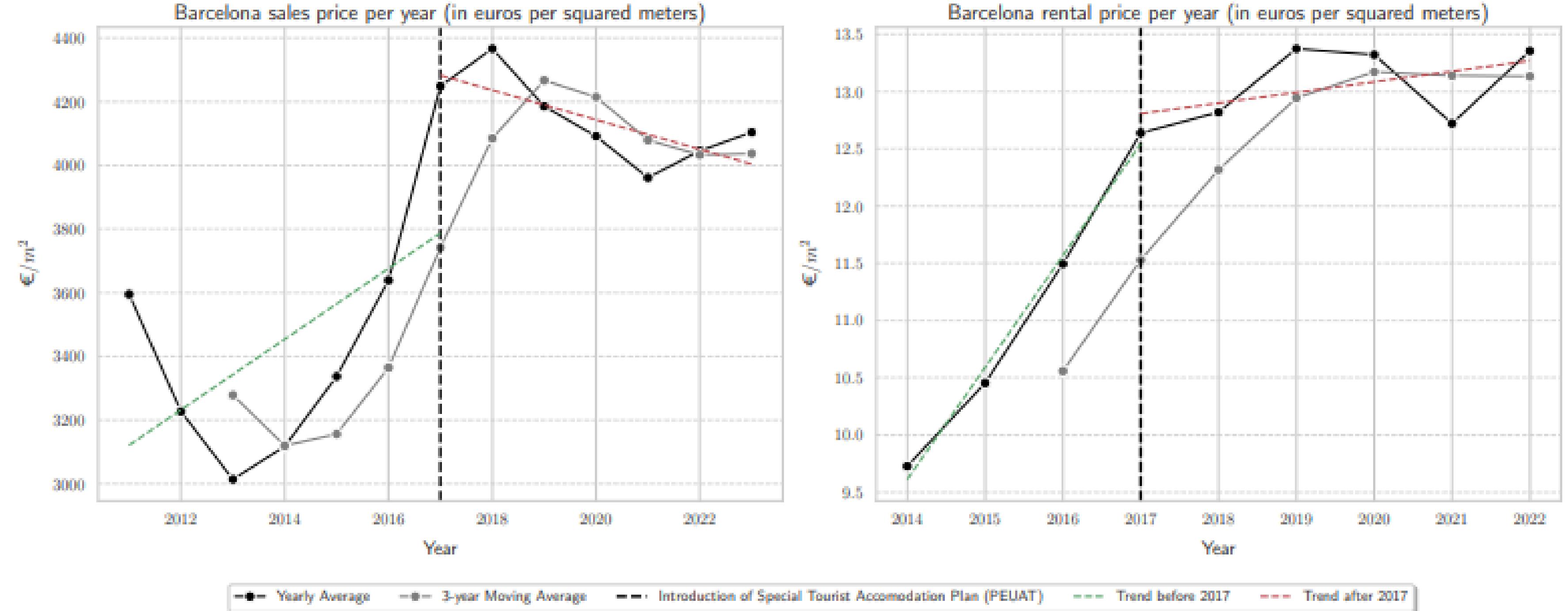
# Results

# Evolution of STR

- Reviews are a great proxy for visits, as around 72% of guests leave a review
- Exponential growth, interrupted only during Covid years



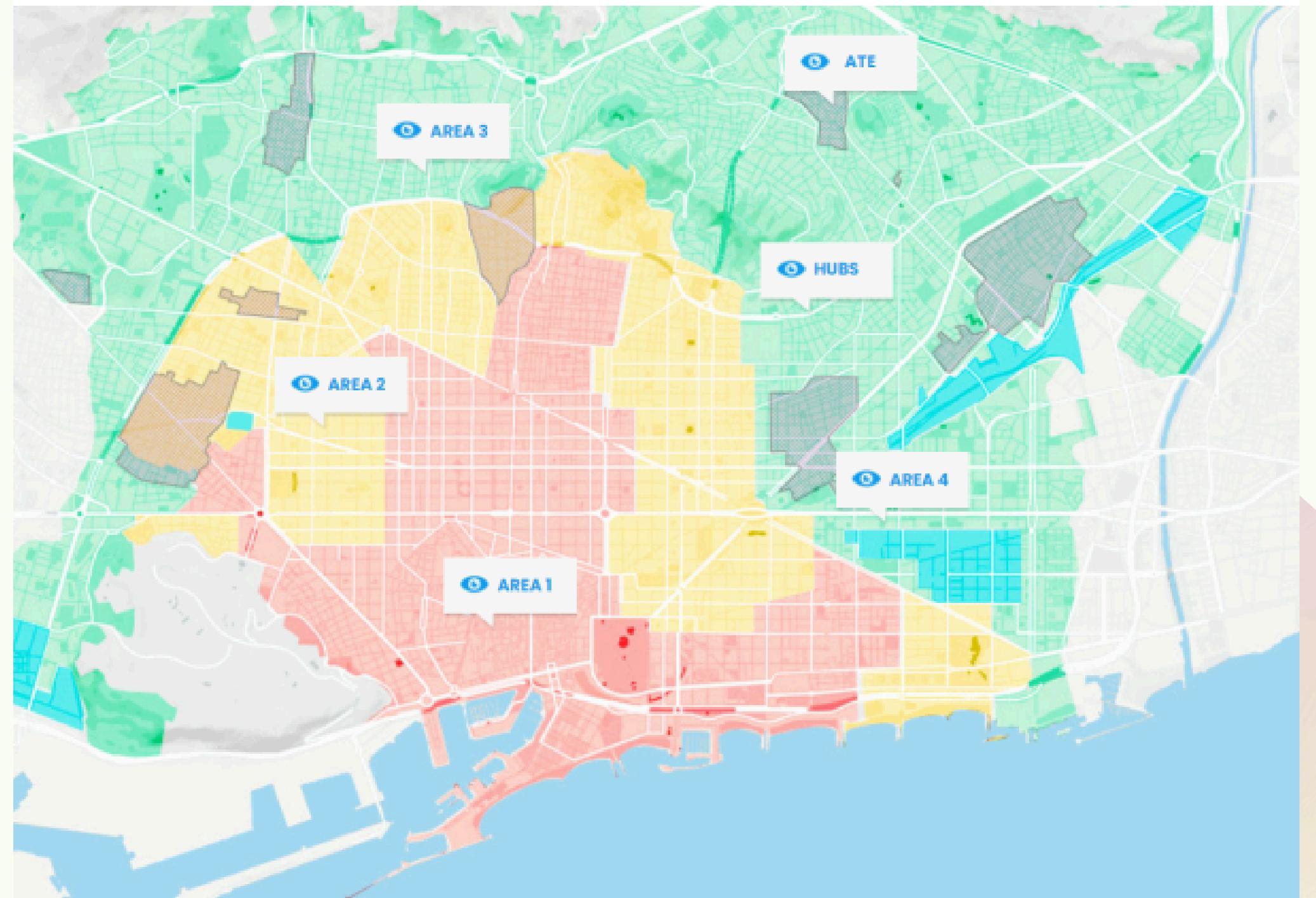
# Impact on sales and long-term rental



# Impact on sales and long-term rental

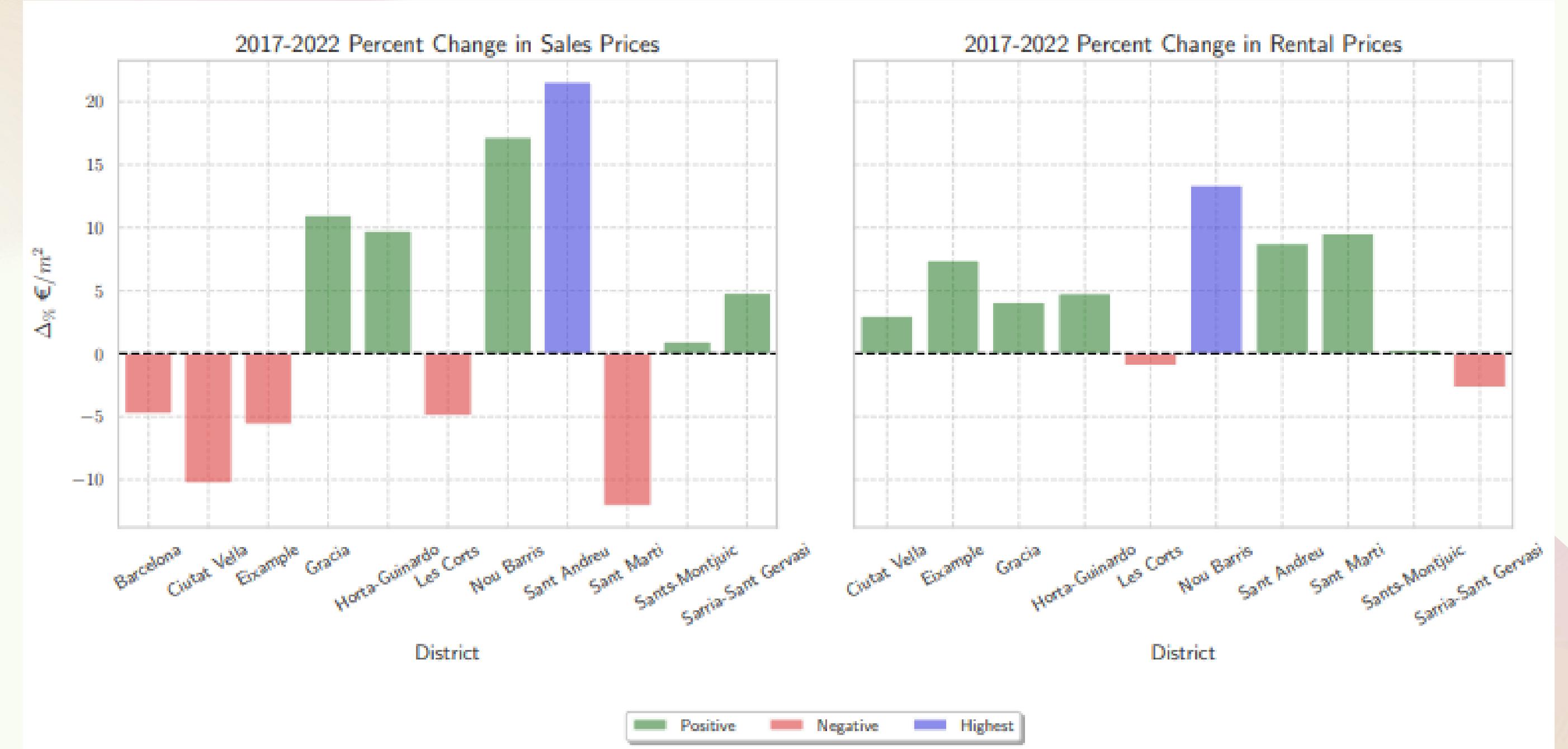
## PEUAT measure

- PEUAT is a restrictive measure introduced by the municipality of Barcelona in 2017
- It sets thresholds for the maximum number of tourist apartments, youth hostels, and shared houses unevenly across the city
- It divides the city in 4 areas, based on touristic presence.
- The substantial growth trend before 2017 weakens after the introduction of the regulation for long-term rental market.
- For sales market it even reverts, as prices start to decline.



# Impact on sales and long-term rental

*Sant Andreu* and *Nou Barris* districts are located entirely within ZE4, as they are in the suburbs. Therefore they have been less impacted by the regulation and present the most pronounced growth in sales and long-term rental market respectively.



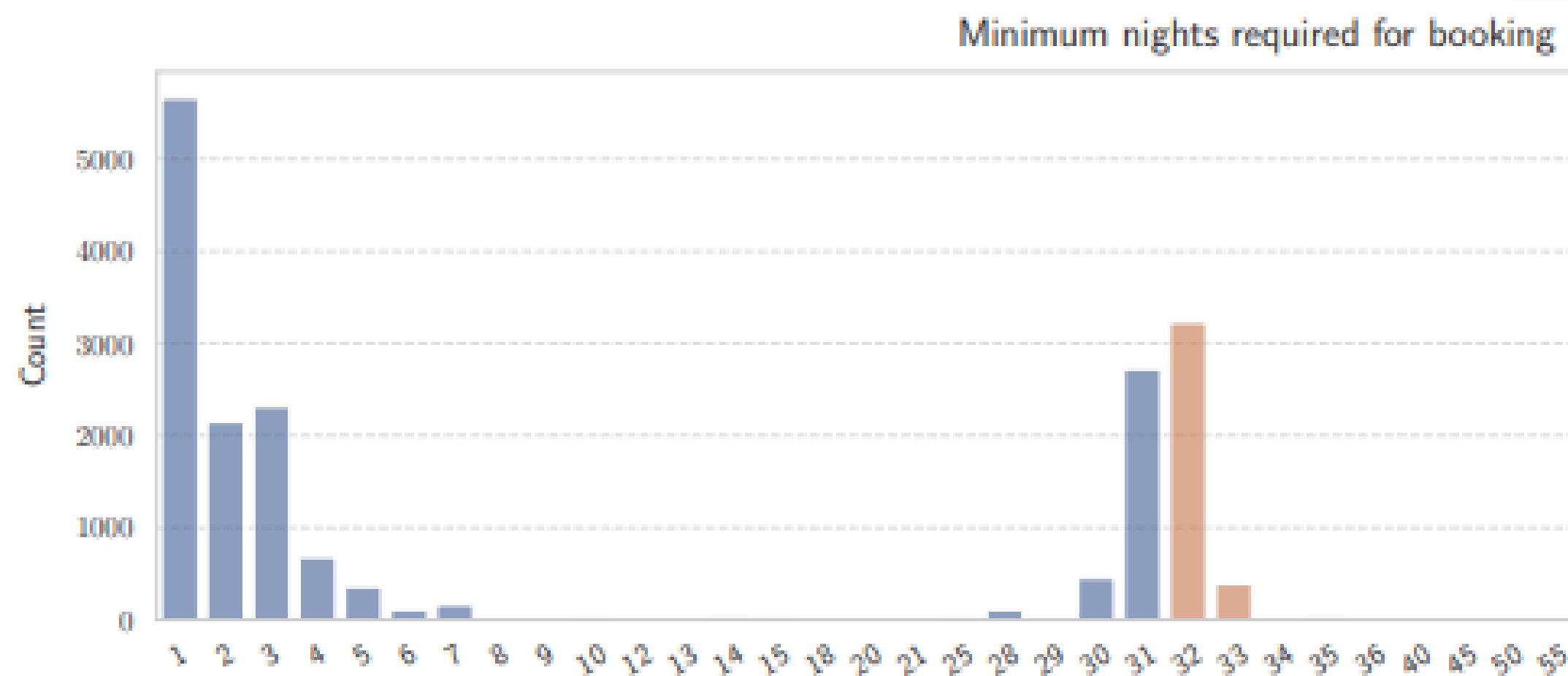
# Impact of policies

## Further regulations

- Since **2014**, the local government stopped issuing touristic licences.
- The only legal way to host a tourists after that became to purchase a property already associated with a license.



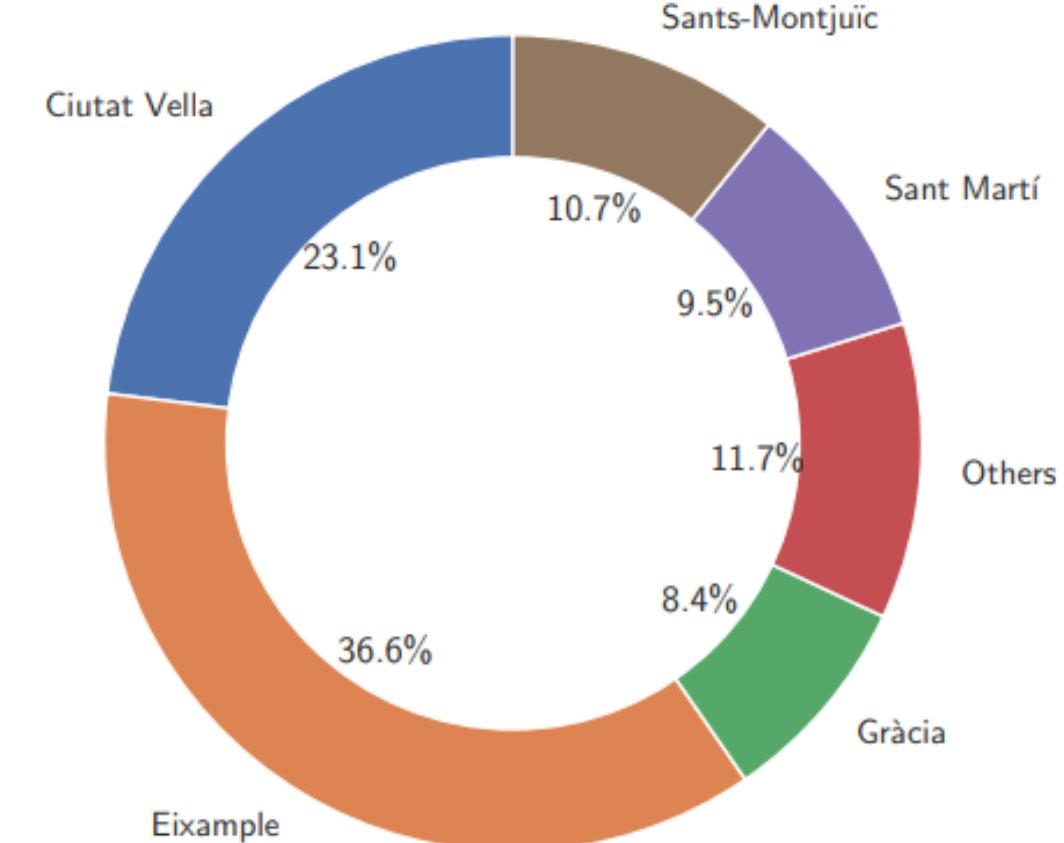
- In **2021**, Barcelona municipality set a “Airbnb ban”, as it prevented properties on Airbnb to be rented for less than 31 days.
- The measure meant to distinguished between short-term touristic stays and long-term accommodations.
- Compliance has been mediocre at best.



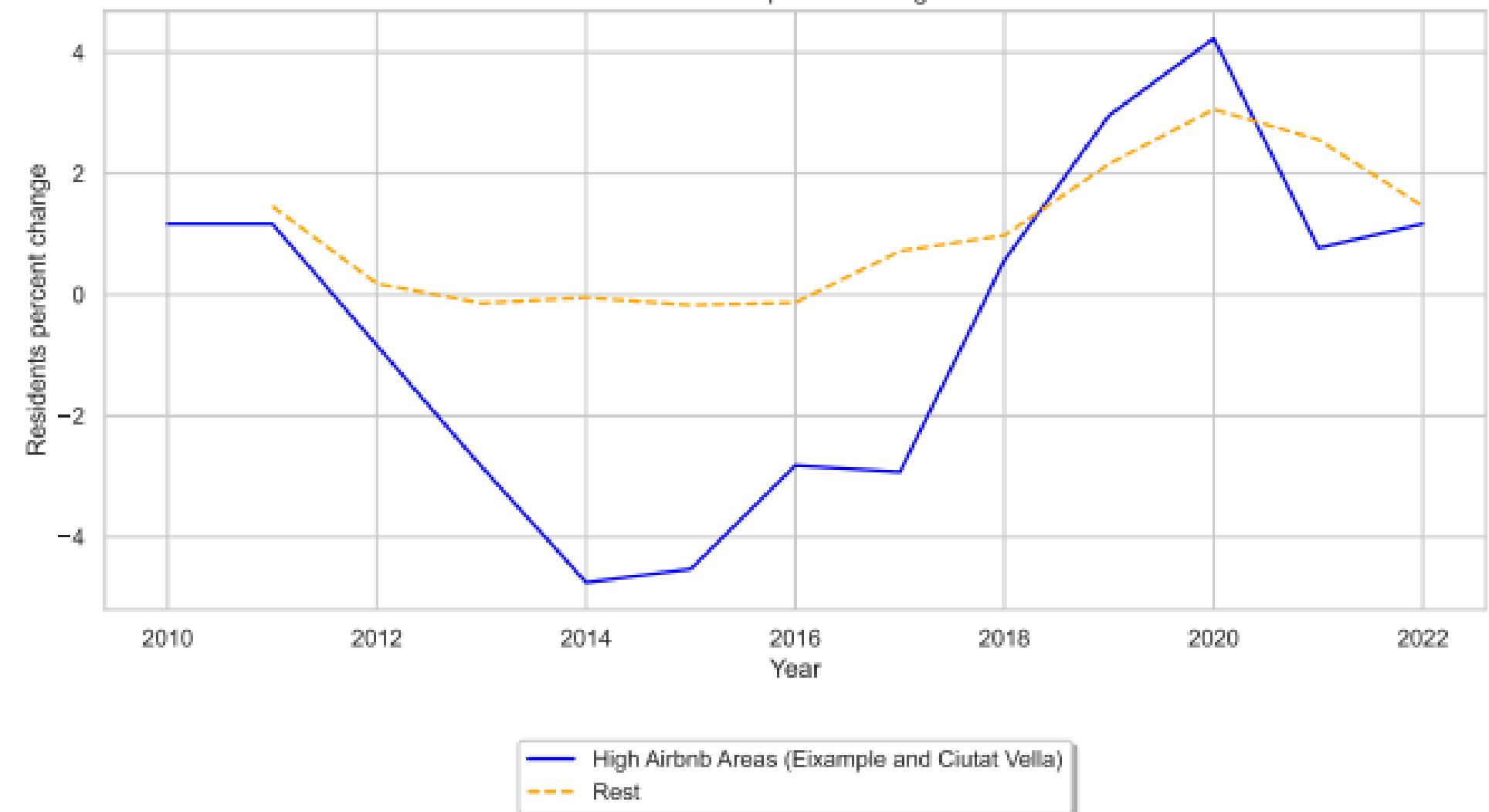
# Demographic impact

- Eixample and Ciutat Vella are considered High Airbnb Areas
- Resident displacement in High Airbnb Areas is not strongly correlated with Airbnb growth.
- This does not exclude that the broader concept of **gentrification** can be a potential driver

Distribution of Airbnb properties

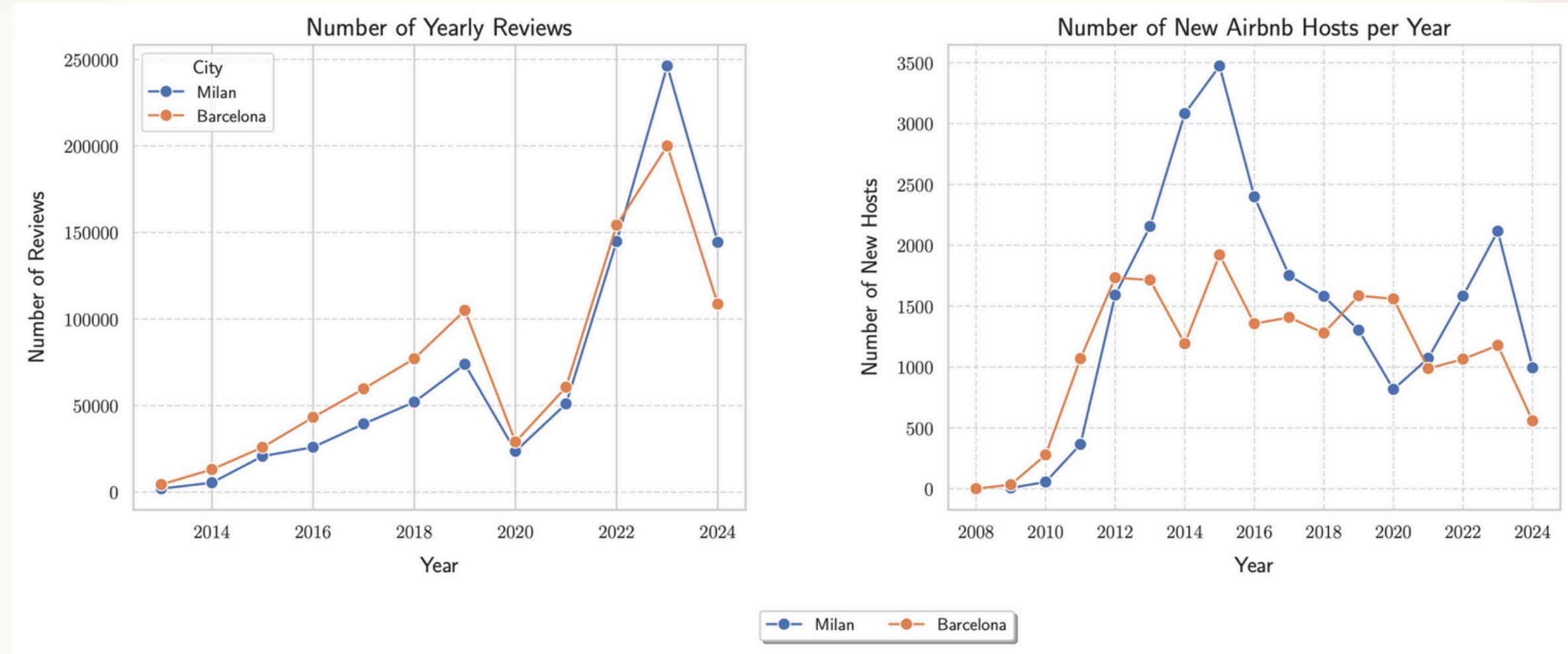


Residents percent change



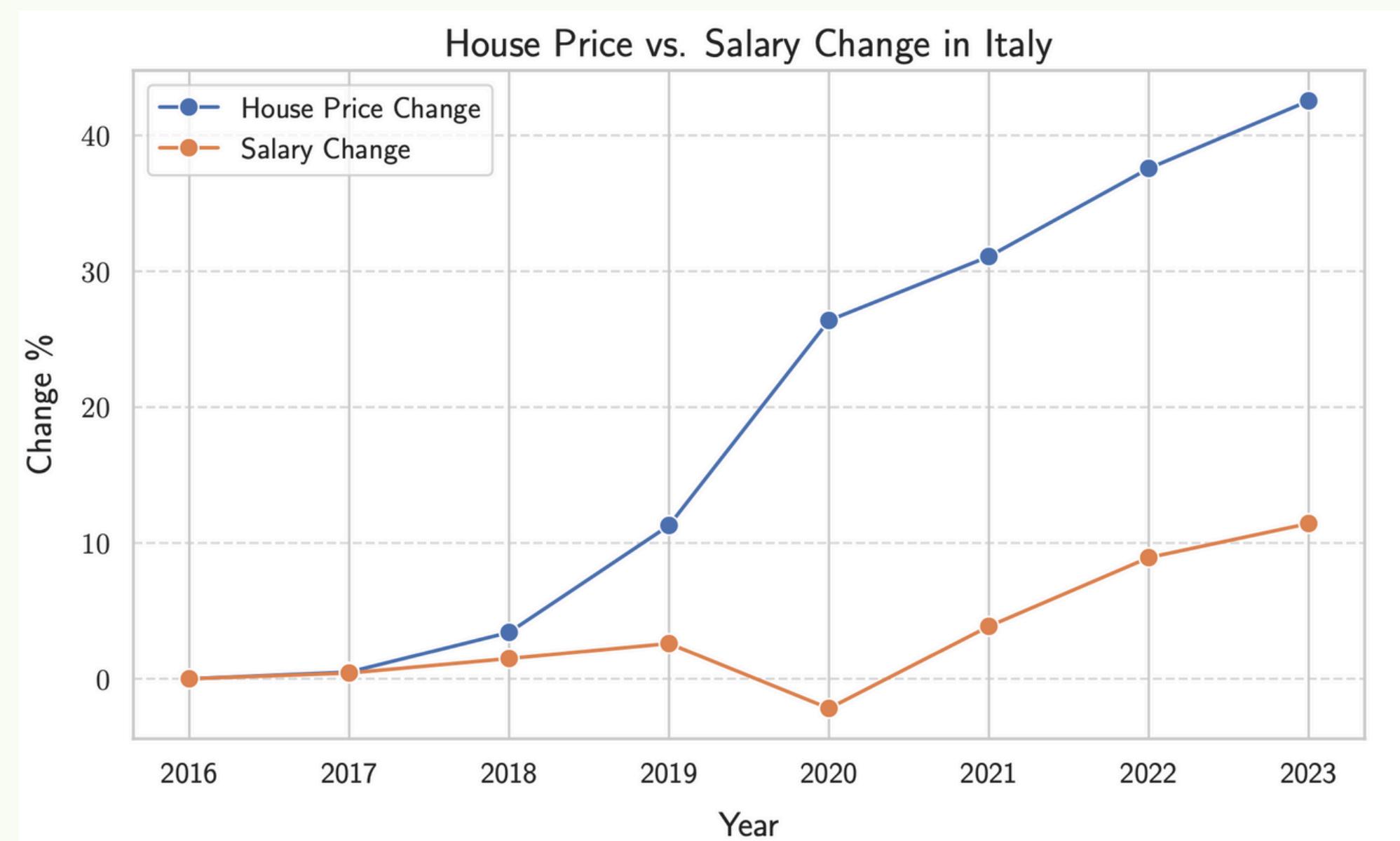
# Comparison with Milan

Also Milan has experienced an exponential growth of visits. And in the last two years it has overcome Barcelona for both reviews (+25%) and new hosts (+100%).



# Houses and Rentals Milan

While Italian salaries grew by 11.2% from 2017 to 2023, house prices did it almost 5 times more (+44.6%). Also rentals have experienced a similar trend.



# STR policies in Milan

Although the city council has stipulated agreements with Airbnb to promote rentals, with incentives for both landlords and tenants, the situation doesn't seem to improve.

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*Affitti brevi, a Milano l'offerta ha superato la domanda. La formula conviene ancora solo in alcuni casi, ecco quali*

**Stanze in affitto, a Milano ormai anche condividere un appartamento è un lusso: "Prezzi al limite della sostenibilità"**

In città il costo medio per una stanza è di 675 euro, duecento euro in più della finisce col pagare quasi quanto un monolocale: "Soluzioni sempre meno apprezzate".

ATTUALITÀ

**Milano ha un problema con gli affitti brevi e Airbnb: "Ce ne sono 30mila in città"**

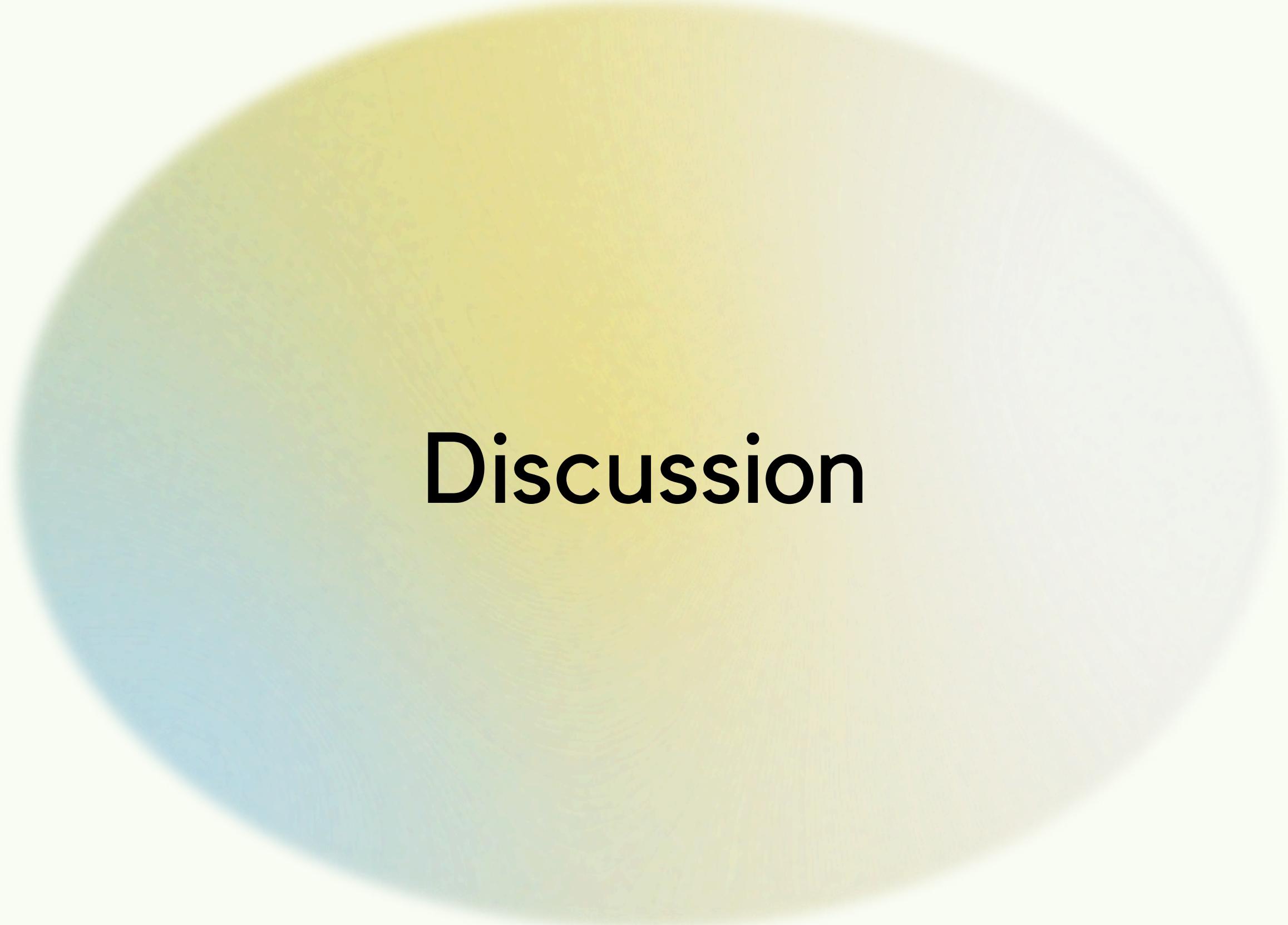
Il sindaco Sala è tornato sul problema degli affitti brevi e ha chiamato in causa il ministro Santanché

**Il problema degli affitti brevi: a Milano cifre da capogiro**

Storia di Erika Fameli • 1giorno/i • 3 min di lettura

More stringent rules seem the only solution...

...as Milano Cortina 2026 is on sight!



# Discussion

# Impact on the housing market

House prices in both Barcelona and Milan have seen an **exponential growth** in the last years. Although it's difficult to estimate the exact causes, STRs have played a key role in it.



This inflationary effect, tightly coupled with gentrification, has been especially pronounced in popular tourist destinations, where STR platforms create an opportunity for property owners to capitalize on short-term gains, while reducing the availability of affordable long-term housing for residents.

# Demographic shift and gentrification

**Gentrification**, compounded by **touristification**, is altering the urban fabric of many areas of the two European cities.

Traditional communities are being replaced by the rapid rise of **tourism-driven businesses** with all eyes on short-term guests rather than local residents.



# Regulatory approaches

Barcelona is leading in regulating the STR market. Through the **PEUAT**, bans on new tourist licenses, and enforced minimum rental periods, it is effectively reducing negative impacts on housing and rental markets.



Milan's regulatory framework remains underdeveloped. The absence of robust regulations has allowed STRs market to grow unchecked, contributing to the housing affordability crisis and gentrification of residential areas.

# Effectiveness of policies

While in Barcelona the introduction of regulations has had a noticeable impact in slowing the growth of STRs, **enforcement** remains a challenge, with many hosts offering properties that violate minimum stay requirements.



Milan must act swiftly to introduce stronger regulatory frameworks to control the growing STR market, especially as the city prepares for the upcoming Milano-Cortina Winter Olympic Games in 2026.

# Conclusions

**Although tourism is a major driver of economic growth, its unchecked expansion, coupled with the rise of STRs, presents significant challenges and demands continuous oversight.**

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Stricter policies are the only way to regulate the Short-Term Rental market, and avoid touristification of cities.

**While Barcelona can be taken as an example to follow in term of policies on STRs, Milan's approach is too laissez faire and requires more stringent regulations.**