



## Introduction to the Special Issue: Short-Term Rentals and the Housing Market

Nicole Gurran

School of Architecture, Design and Planning, University of Sydney, Australia

[nicole.gurran@sydney.edu.au](mailto:nicole.gurran@sydney.edu.au)

Declan Redmond

School of Architecture, Planning and Environmental Policy, University College Dublin, Ireland

[declan.redmond@ucd.ie](mailto:declan.redmond@ucd.ie)

There has been a proliferation of research, policy, and public debate about the implications of residential tourism for cities and housing with the rise of short-term rental platforms such as Airbnb (Wachsmuth and Weisler 2018; Cocola-Gant and Gago 2019; Nieuwland and Van Melik 2020). Initially perceived to be a niche topic of more interest to tourism and legal scholars than to those interested in housing (Guttentag 2015; Gurran and Phibbs 2017), over time we have come to understand second home tourism and the exponential growth of Airbnb style platforms as part of the broader emergence of “‘not for housing’ housing” under residential capitalism (Doling and Richard 2019). Like foreign investment in housing as a “safety deposit box” for capital, or housing as “golden visa” for those seeking overseas citizenship (Montezuma and McGarrigle 2019; Ley 2017); using homes for tourism increases potential demand to a global market far beyond that needed to house local populations.

However, some caveats apply when assessing the potential implications of short-term rental platforms for housing demand and markets. Firstly, residential tourism – holiday homes and apartments – existed before online platforms emerged to market this accommodation to a global visitor economy. This presents a challenge to empirical research – how is the impact of Airbnb style platforms to be assessed if they are simply marketing access to existing holiday homes and potentially encouraging more efficient usage when these dwellings are otherwise unoccupied? Thus, it was not immediately clear that the emergence of Airbnb style platforms fundamentally changed pre-existing situations. The situation has not been helped by the steadfast refusal by platforms to share even basic information about listings with local government authorities, enabling owners to evade the regulatory requirements applying to other forms of tourist accommodation (Ferrerri and Sanyal 2018).

Secondly, the primary use of housing as home can coexist with platform tourism. Indeed, platforms such as Airbnb have actively marketed this aspect of short-term rentals – the notion of ordinary people sharing homes with one another (Guttentag 2015). This has helped reinforce the perception of ‘home-sharing’ platforms as a benign form of budget tourism rather than an issue likely to be of interest to housing scholars or policy makers.



Thirdly, the experiential concerns articulated by residential communities impacted by short-term rentals in their areas – disruption, traffic congestion, local neighbourhood change – have arguably received short shrift from housing researchers concerned less about competing tourist/residential land uses than about gentrification and displacement. Again, the gentrification story has been blurred by the possibility that lower income earners could use short-term rental platforms as a strategy to afford their own housing, as portrayed in the creation narrative of Airbnb (Airbnb 2014).

The papers in this special issue, building on a volume of work which has emerged over the past two or three years within urban planning and geography more widely, challenge these perceptions and highlight exactly why short-term rental housing overall, and short-term rental platforms in particular, have emerged as a major issue for housing research. They shine a light on the implications of Airbnb style short term rental platforms for local communities, within the wider context of housing financialisation and deepening affordability crises affecting cities throughout the world.

## Overview of the papers

Of the seven papers, the first considers the notion of platform capitalism itself, which extracts profit from information and transactions, rather than fixed assets; extending the capacity to derive wealth from housing and housing demand. The logic of platform capitalism – that the larger the network – or reach – the greater its value to users – explains the exponential growth of platforms such as Airbnb. As Gurran and Shrestha point out, one of the defining challenges associated with short term rentals is that they absorb existing housing supply, avoiding the frictions usually associated with new housing production or tourism development, but exacerbating affordability pressures in tight rental markets. Ironically, and despite these negative effects, platforms such as Airbnb mobilise notions of ‘home’ to market their accommodation and to influence regulatory debates.

The contest between individual property rights – those of owners and landlords – versus wider rights of neighbours to a peaceful home environment; or local residents to access affordable homes in their communities – is at the heart of debates about short term rentals and their regulation. These themes are explored by Laura Crommelin and others who examine the perspectives of Airbnb ‘hosts’ – those who offer their primary home to fee paying tourists, or those who use the platform to market second homes or investment properties as dedicated holiday accommodation. Drawing on in depth interviews with Airbnb hosts in Australia, they call attention to the ways in which property owners frame their rights and perceive their obligations to neighbours, particularly in contexts of urban densification.

If short term rentals within residential buildings raise new amenity issues for Australian urban populations unaccustomed to higher density living, in European contexts concerns have focused primarily on housing market impacts and consequent neighbourhood level change. Writing about the situation in Berlin, Germany, Adam Crowe documents the rental shortages, reduced affordability, and gentrification which has arisen with the rapid increase in short-term rental listings since 2016. Seemingly impervious to regulatory measures that seek to prevent non-residential uses of housing, including major fines, Crowe’s research shows how short-term rentals within already tight housing markets, amplify existing housing market pressures to feed into broader urban processes of gentrification, touristification, and displacement.



Quantifying the market impacts of short-term rentals is complicated by the range of other factors influencing house prices and rents and the common contention that overall, short-term rentals occur in only a relative fraction of the total housing stock. Taking advantage of the natural experiment created by the COVID-19 Pandemic which prevented domestic and international travel, Caitlin Buckle and Peter Phibbs examine the rental market impacts arising from the sudden cessation of tourism demand for residential accommodation in the Australian city of Hobart. Their findings point to the highly localised impacts of short-term rentals on housing markets. Over the Pandemic period, their data shows an improvement in rental affordability in neighbourhoods experiencing increased vacancies from underutilised STR properties.

Our focus in this special issue is on the impacts of short-term rentals from a housing perspective. However, one of the policy challenges in responding to these impacts, is the potential for positive economic benefits to households and local businesses to arise from increased tourism. This delicate balancing act is explored by Polona Obrč and Boštjan Kerbler in relation to the Slovenian city of Ljubljana, which has experienced long term rental market effects as a result of rising numbers of tourists seeking Airbnb style accommodation.

Turning to short term rental regulations in more depth, Vilim Brezina, Jan Polívka and Martin Stark examine the drivers associated with government interventions to manage residential tourism in German cities. Comparing the regulatory responses to short term rental accommodation across major German cities, the authors identify a set of housing market triggers and tourism accommodation demand characteristics which combine to increase the likelihood of strong regulatory action.

Finally, Joana Almeida examines the regulatory responses in Lisbon, Portugal, to the rapid and extensive rise of short-term rentals in that city. In response, the city has introduced zones for the application of differentiated STR rules and management, but the effects have not been encouraging. The Lisbon case highlights the uneven impacts of attempts to regulate short-term rentals. This paper reinforces the research published on Lisbon in recent years (Cocola-Gant and Gago 2019; Marques Pereira 2020; Sequera and Nofre 2020).

## **Short term rentals, residential tourism, and the post COVID landscape**

The papers collected during this special issue were drafted during the COVID-19 period, over which time the future of global tourism and the short-term rental industry was uncertain. At the time of writing such uncertainty remains, although it should be pointed out that short term rental listings, measured via independent data source Inside Aibnb.com, actually grew in many cities between 2020-2021.

However, the ways in which short-term rental platforms affect local communities and housing markets, and the challenges for regulators in managing these impacts, have become clearer. Taking the evidence from the papers in this special issue, alongside the existing literature on short-term rentals, we conclude by pointing to a number of key issues which require further research and discussion.



First, the accumulated evidence shows that in high demand housing markets, unrestricted use of residential homes for tourist purposes exacerbates rental affordability pressures and contributes to wider house price inflation. This conclusion leads directly to a consideration of the ways in which short-term rentals are regulated and the efficacy of different approaches. There is clear momentum in European cities towards regulating and preventing non-residential uses of housing in high demand markets, but this position stands in stark contrast to government policy in other parts of the world such as Australia. Colomb and Moreira de Souza (2021) have recently produced a comprehensive review of policy in twelve European Cities and point to a wide variety of regulatory strategies to contain the impact of short-term rentals. What is less clear, and needs more research, is an assessment of the effectiveness of these myriad policies. One crucial way in which policy makers can be helped in fine-tuning regulation, is to have accurate data provided by the main platforms, such as Airbnb. However, short term rental platforms do not seem inclined to share data or support regulatory initiatives by local governments (Cox and Haar 2020).

Second, the irony of vacant and under-utilised housing units within cities badly affected by the spread of COVID-19 is particularly poignant where disease spread was linked to overcrowded and poor housing conditions. Despite some actions of governments to commandeer short-term rental properties as part of the covid 19 response, these approaches were not widely adopted. This raises the broader question of the direction of housing policies in a post-pandemic world. While there has been much discussion about moving away from market-led approaches to housing provision and of placing social and affordable housing at the heart of policy (OECD 2020, 2021), it is much too early to come to any conclusion on this.

Third, the anxiety and impacts of short-term rental tourism for residential communities – in terms of amenity impacts – shows no sign of abating. In a post-pandemic world, national and local governments will be keen to see the return of international tourism, which in turn is likely to witness the short-term rental market being re-established. This may pose a dilemma for policy makers. Will they design and implement policy measures to reduce the negative amenity impacts or will they take a more hands-off approach to encourage the tourism sector and short-term rentals? (Feantsa and Fondation Abbe Pierre 2020).

Fourth, while the main focus on short-term rentals has been on its impact in city centres and historic cores, the geography of housing demand appears to be spreading beyond major city and employment centres, facilitated by more flexible work practices, meaning that new housing demand pressures are likely to emerge in regional areas. At the same time, domestic tourism demand is likely to be strong, with continued restrictions on international travel. This will bring new challenges over short-term rental housing in regional areas, even those with established histories of residential tourism.

Fifth, and finally, we believe it is important to explore the potential for community based or cooperative forms of residential tourism which offer income generating opportunities for local residents and their neighbourhoods. While much research has shown that the current model of platform based short-term renting is often far removed from idealistic notions of a shared economy, the idea of sharing does contain the potential to be progressive and egalitarian. Some recent more theoretical work will help in this regard (Fields and Rogers 2021; Graham 2020; Gurran, Searle and Phibbs 2018; Shaw 2020).



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