

The 2nd edition of the Bulletin in 2018 explores under what conditions pressure has piled up on Airbnb-style platforms over the 2nd quarter of the year. There is much new evidence to suggest that both destination authorities and consumers have been developing a more critical stance towards Airbnb-style platforms and various practices of the ‘collaborative’ economy. These are good news for all Members Associations, which can now fully exploit the tools and guidelines of the recently revised ‘Strategic Communication Plan’ so as to further foster the development of a level-playing-field.

[Of help could also be the 16 July 2018 announcement of Commissioner Jurova and the European consumer authorities](#), pushing Airbnb to comply with European legislation, especially to indicate, whether an offer is provided by a trader or a private individual.

Regarding the future, on 11 October, the European Commission is to organise a high-level event on the collaborative economy, where HOTREC CEO is invited as speaker.

It takes much more than lobbying for online platforms to ensure accountability

Whether Airbnb-style platforms are ready to play by the rules is not irrelevant to what is going on in other sectors of the ‘collaborative’ economy. UBER is the most obvious case, facing growing criticism since the decision of the Court of Justice of the European Union that was thoroughly discussed in the ‘Strategic Communication Plan’. Late in June 2018, UBER retreated from its earlier position that the loss of the London license in September 2017, further to a decision of the Transport Authority under the City of London, *“was the cost of a bad reputation”*. Crucially, Uber accepted that its corporate practice required a *“wholesale change”* and argued that it has taken significant steps since last September to address concerns on public safety and security.

In the case of Short-Term Rentals (STR), we could actually ask what it takes for Airbnb-style platforms to ensure accountability if claims of corporate responsibility change substantially in the light of

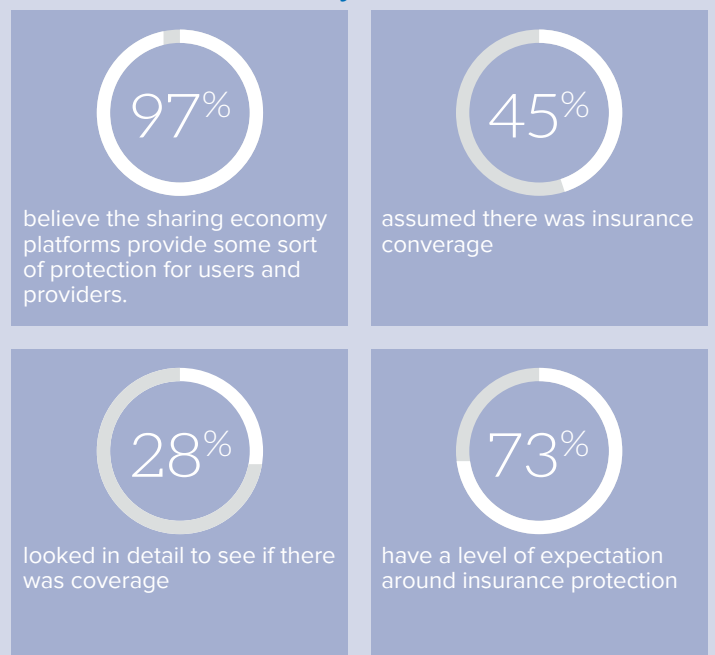
unfavourable court decisions. Sooner rather than later the platforms will have to provide numerous destination authorities around the globe with unambiguous answers. In an early June report, [The Telegraph](#) identified 10 destinations where authorities look to clamp down on Airbnb-style platforms due to housing and tax payment concerns.

Furthermore, Airbnb-style platforms should not take their appeal to consumers for granted. According to the 4th annual Allianz Travel Insurance Sharing Economy Index released by [Allianz Global Assistance](#) late in June 2018, a dip in consumer interest in using ‘sharing’ economy services appeared for a first time since 2015 among different age groups of US travelers, and particularly among Millennials.

It also takes much more than ‘cool’ interfaces and low prices for online platforms to retain the confidence of service providers and consumer trust

A report released by [Lloyds](#) in April 2018 shed more light on another controversial aspect of the ‘collaborative’ economy. Through the results of a survey on 5,000 consumers across UK, US and China, Lloyds asserted that consumers expect to be protected when they provide or buy services to/from online platforms. Although it seems that the vast majority of users and providers have positive perceptions, spreading more information on safety and security loopholes is necessary so as to enhance consumer awareness and prompt corrective action on behalf of online platforms.

Of consumers surveyed



Source: Lloyds

A draft law in Los Angeles is set to create a favourable environment for hosts in good standing



The [Los Angeles City Council](#) approved in May 2018 a new set of regulations, which allow STR of primary residences by homeowners for a maximum of 120 days a year. This cap could be extended particularly for hosts who are already registered with the city and have not committed relevant violations. No further action will be taken before the draft ordinance is reviewed by the LA Planning Commission, possibly by the end of July. However, if these regulations pass from the Commission and get a final vote from the City Council, they are expected to have a severe effect on the number of STR listings across LA despite intense lobbying by Airbnb and other platforms.

The most dynamic Airbnb destination in 2017 is being prepared for massive STR restrictions



Madrid recorded in 2017 the [highest rate of growth \(+67.1%\)](#) in terms of Airbnb overnights in Europe ahead of other major destinations such as Paris (+28.5%) and Amsterdam (+25.2%), but the city authority is not included among excited stakeholders. Rather, [it proposed in May 2018 a new set of regulations](#) so as *“to preserve the residential use of buildings, putting a stop to permanent use (by tourists) and replace it with temporary, thus preventing housing from becoming accommodation exclusively for tourists”*. Renting out an apartment on a short-term basis will be allowed for no more than 90 days a year in the future. The application of additional restrictions (e.g. moratorium of building licenses) will vary depending on where in the city a property is located among 4 designated zones.

The City of Paris takes firm action against platforms that disrespect the law



In April, [the City of Paris filed 2 lawsuits against Airbnb and Wimdu](#) for continuing to advertise properties excluding the required registration number. This omission prevents the city authority from monitoring whether homeowners operate in compliance with the current cap of 120 rental days, which is the limit to rent primary residences. There are concerns that approximately 85% of listings in these platforms fail to include the registration number, a matter of great importance in considering that only Airbnb has 65 thousand listings in Paris - not far less than the 80 thousand hotel rooms which are subject to numerous regulations.

Concerns on STR negative effects rise in the most popular Balearic destination



Although the Balearic Government imposed a few months ago fines of €300,000 on both Airbnb and Trip Advisor due to including listings of unregistered properties, the capital city authority of Palma de Mallorca has made clear its intention to deal in addition with neighborhood nuisance and decreased availability of affordable housing. Late in April 2018, [the city council voted to ban STR in flats](#) but STR is permitted in private homes unless they are situated in protected areas or nearby the airport. Under new rules, hosts trying to rent out an apartment on a short-term basis could be fined up to €40,000.

Property inspections are paramount to effective law enforcement in Brussels



[More than 9 out of 10 files on Airbnb rentals](#) that were opened in Brussels from November 2016 to March 2018, were about unregistered properties. The total number of relevant files - 594 - is rather low compared to the total number of Airbnb properties situated across the Brussels region. Among the listings with high occupancy, a bit more than half are operated by professionals and less than half by private individuals. The infractions mainly relate to the lack of urbanistic permission and authorization number, which is hard to obtain due to the very complex, almost one year lasting authorization procedure in Brussels. The strict authorization procedure is also being investigated by the European Commission.

Short-term rentals along with overtourism top the tourism agenda of the new Amsterdam coalition



Tourism nowadays is anything but a peripheral policy issue, especially when uncontrolled growth has triggered neighborhood nuisance and the opposition of local residents. [The new 4-party coalition that was initially formed in May 2018](#), was quick to reveal plans for banning STR in the busiest neighborhoods and allowing STR for a maximum of 30 days a year in the rest of city's areas. Understanding the complex nature of issues related to STR activity, [the City of Amsterdam has been working more closely with respective authorities](#) from Paris, Madrid, Barcelona and Lisbon so as to enable knowledge sharing on STR regulations.

STR legalisation in Berlin brings registration obligation and heavier fines for law violations



From 1 May 2018, a main home in Berlin can be rented out on a temporary basis as holiday home. If 50% or more of the apartment is rented out a permit from the district office is required. According to the new legal regulations, renters will normally receive a permit and the law does not stipulate a certain day limit. The prerequisite is that the character as the main flat is not touched. A second home in Berlin may be rented out as a holiday home or as a hostel for strangers for a maximum of 90 days. A permit from the district office is also required. A registration number will be assigned with the approval. From August 1, 2018, this registration number must be publicly visible on all platforms when offering and promoting an apartment. Heavy fines up to €500,000 will apply for all homeowners who fail to complete the process so as to get a general permit from their district or the registration number.

Marriott adds home restaurants in its portfolio of in-destination experiences

Marriott is a key brand among international hotel chains experimenting with concepts and services of the 'collaborative' economy. Through a recent partnership with Eatwith, which rebranded from Vizeat in January 2018 and today has the highest firm valuation among home restaurant platforms and the largest community of registered home cooks across 130+ countries, Marriott has enriched the range of food experiences included in its "Moments" platform. That move is seen as a sign of intense competition with the respective concept of "Trips" by Airbnb as well as a response to the platform's entrance in the market of online restaurant reservations.

Properties registered as Airbnb listings are rarely accessed by tenants looking for permanent housing

A report published in May 2018 by Corporate Europe Observatory (CEO) shed further light on the Airbnb effect on the stock of apartments for rent all over Europe. Using data derived from InsideAirbnb CEO raised two key points.

First, the ratio of entire houses or apartments among Airbnb listings in major city destinations is regularly far higher than 50 per cent.

Second, as illustrated in the graph alongside, Airbnb listings are regularly available to receive bookings for 3 months or more during a year, a sign that the respective properties are used largely or exclusively for the purpose of STR. The second indicator has particularly high results in cities lacking a mature set of STR regulations, but some of its lowest scores also indicate challenges on the enforcement of thresholds in destinations with established regulations (e.g. Amsterdam, Berlin, Paris).

A new approach to dealing with tax evasion is under way in Denmark

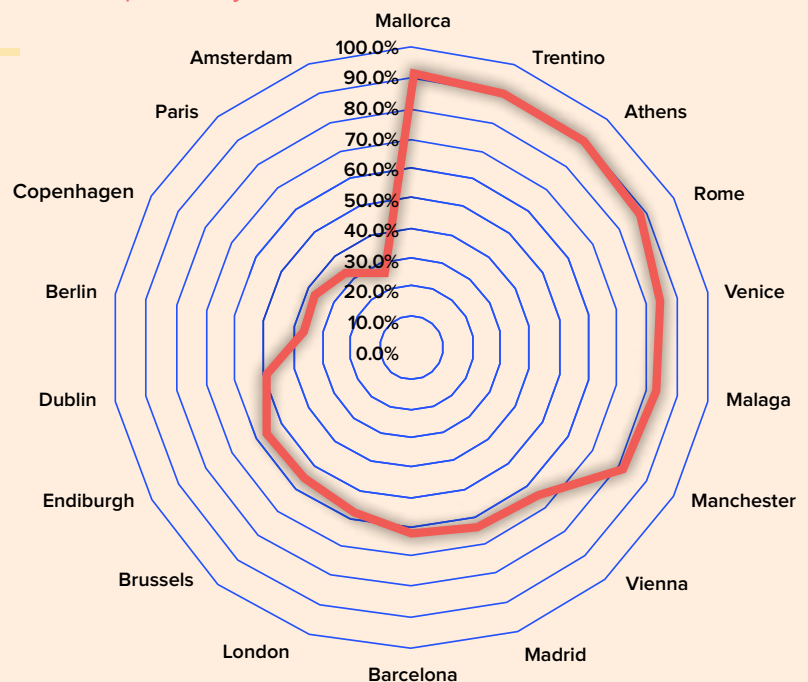


Increased tax-free allowances on STR income from both primary residences and second houses were introduced by the Danish government in May 2018. That measure was cornerstone for the agreement that was signed afterwards between Airbnb and the Tax Ministry. As part of this deal, Airbnb will automatically report host income directly to the tax authority though it remains unclear whether Airbnb will also disclose relevant data it claims confidential. Hosts in Denmark will be able to rent out a property for a maximum of 70 days a year, but municipal authorities will have the option to increase the cap up to 100 days.

Blockchain technology to be tested soon in the home restaurant market

On July 31, the cryptocurrency startup Feedchain will launch an Initial Coin Offering campaign. The purpose is to raise funds and boost the plan for a proper launch as a decentralised home restaurant platform in the 2nd quarter of 2019. According to the white paper which states what the project is about, "FEED is the token/currency designed to be used within the Feedchain platform. (...) It would be used for daily transactional activities happening within the Feedchain financial ecosystem, for buying and selling food and other agricultural products and can also be used as a peer to peer exchange and store of value between users securely, efficiently at reduced costs".

High Availability (3+ months) of Airbnb Listings per European City, (April, 2018)



Source: Corporate Europe Observatory