Welcome to the second edition in our new series of 'Hospitality in Transition' bulletins, as part of HOTREC's strategic partnership with TOPOSOPHY. The series takes a look at the major issues facing Europe's hospitality industry now, and also provides a vision for the longer-term based on the need to shift to new environmentally and socially ways of working. This Bulletin looks at the performance of Europe's hospitality industry during what is arguably, the most challenging months the industry has faced in modern history. It also looks at recent policy developments in the area of short-term rentals.

2020: the summer of the 'staycation'

Set against a backdrop of consumer uncertainty, shifting regulations, local lockdowns and quarantine restrictions, travel demand in Europe this summer season was overwhelmingly domestic in nature, with the vast majority of consumers seeking 'stay-cations' as opposed to international travel. The balance of international vs. domestic travel as outlined by Siteminder (based on bookings over the past 12 months) shows a pronounced increase in demand for domestic travel over international travel in May 2020 onwards. During the month of August (traditionally the most travel active season) almost 75% of hotel guests in eight major European destinations were domestic travellers, in sharp contrast to the usual trend seen at this time of year. The graph below shows how pronounced this trend was, for one of Europe's biggest source markets. (source).

United Kingdom
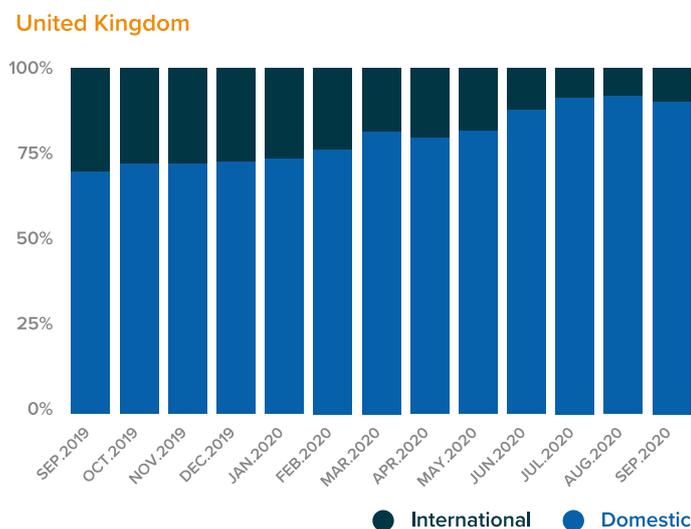
The same pattern of demand for vacations which take place at home or in a neighbouring country has also been observed in the short-term rentals sector. In June Airbnb announced that the percentage of bookings made on the platform which are within 200 miles from the guest's home, increased from one-third of all bookings in February to over half in May. The company also launched the campaign "Go Near" and updated its app by highlighting inspiration for local trips. Meanwhile, the much-publicised 'competitive advantage' that STRs supposedly had over hotels during the summer has been short-lived, as Skift reported in mid-September that travellers are now seeking out hotels and STRs in comparable numbers.

Travellers seek to escape major cities

This summer, shifts in booking demand show how 'regional' (rural areas, coasts and small towns) have performed better than urban areas. According to a STR & Airdna study, hotels saw an average weekly occupancy increase in regional markets of 13.1% since the Covid-19 low-point, compared to 7.1% in urban markets. Similarly, STRs registered 5.7% growth in regional markets compared to 3.4% in urban areas.

This is supported by Siteminder data, which shows that major metropolitan, densely-populated tourist locations are lagging behind regional smaller towns. For example, hotel bookings in London are at 40.4% of last year's volumes, while in Bristol (2.5 hours west of the capital) are currently at 75.7% over 2019 (source). This same trend may help to explain why independent smaller hotels appear to be recovering faster than large chains (source)

Recovery of spending at small independent hotels in 2020 compared to large hotels
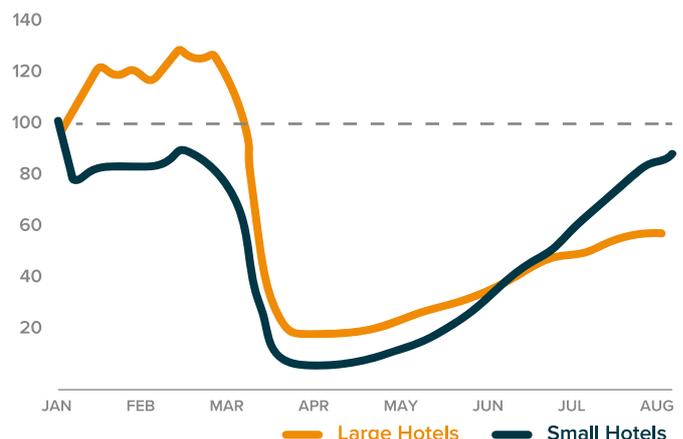
Hotel hygiene protocols essential for regaining travellers' trust

A study of US travellers by Gallup in August found that 8 in 10 said health and safety concerns would influence their decision to stay in a hotel over the next six months. Respondents have highlighted that some of the ways through which hoteliers can make them feel more secure are through showing that customer safety is a prime objective, as well as equipping guests with tools that make them feel safe (e.g. masks, sanitisers, disinfecting wipes). (Source)

ACI's Airport Health Accreditation programme

Following WTTC's Safe Travels stamp and Quick Restart Guide for Employers, produced together with ICC, the Airports Council International launched the Airport Health Accreditation programme. It provides airports with a framework on what procedures and measures need to be implemented, as a result of the COVID-19 pandemic. The main objective is that airports demonstrate to passengers, staff, regulators and institutions that aspects such as health and safety are a priority. The programme is voluntary and open to all ACI member airports.

Getting smarter about the use of public space

As COVID-19 has reshaped residents' and businesses' relationship with public spaces, local authorities are starting to realise that one of the ways to stimulate the recovery of local businesses and especially the hospitality sector, is through bringing life to the streets and facilitating outdoor activities. For example, cities like Vilnius have permanently pedestrianised central streets, while new regulations in the UK have made it easier for pubs to serve alcohol outside of their premises, and San Francisco launched a programme that allows local businesses to use parts of outdoor public spaces.

STR MONITOR

Los Angeles

After the city of L.A. announced that it will tackle the growing number of short-term rentals by implementing strict rules, the West coast city and Airbnb finally launched a new system that will make it easier for the local administration to identify illegal listings. Following last year's agreement, renters had to register their property with the city, pay a fee and agree to rent out only their primary residences. The new system will additionally facilitate the sharing of limited listing information between Airbnb and Los Angeles to verify a listing's registration and the number of nights booked. As a result, 1,350 listings were eliminated for non-compliance.

Toronto

From the 10th of September, STR operators in Toronto are obliged to register with the local administration in order to operate in Toronto. According to a statement released by the city, this is "the first step to allow the city to effectively administer the new rules applicable to short-term rentals". This rule is part of a package of new regulations that applies to platforms such as Airbnb, Expedia or Booking. Additional requirements include only listing primary residences, displaying the registration number on all advertisements and listings, collecting a 4% municipal tax and a requirement for STR platforms to list properties in the city.

Scotland

According to the Scottish Housing Minister, Kevin Stewart, the Scottish Government is aiming to pass regulations before December, that would give power to local Councils to license short-term rentals and introduce control areas. This comes after a recent study according to which only one in 477 Airbnb listings in Edinburgh had the required planning permission to operate on a rental basis. A study carried out before the COVID-19 pandemic found out that one in five homes on the popular Island of Skye was listed on Airbnb.

22 mayors call for stronger European regulation of online platforms

The proper enforcement of the European Digital Services Act will require better cooperation between online platforms and public authorities. That is a key conclusion from the meeting between the mayors and representatives of 22 cities (Eurocities Alliance) with the European Commission Executive Vice-President, Margrethe Vestager, on September 17, and is a conclusion that HOTREC also shares.
Key issues under discussion involved the liability of platforms for the content they display, the obligation of platforms to share relevant data with competent authorities and the measures required to ensure compliance with local rules.

European Court of Justice ruling helps municipalities to get a stronger grip on STR

On 22nd of September, a European Court of Justice ruling confirmed that municipalities can require prior authorisation from STR hosts, and regulate their activities for overriding reasons relating to the public interest, such as the prevention of long-term rental housing shortages. This is a major step for European cities that are seeking to address worsening conditions for access to housing, and which now have greater clarity around the EU Services Directive that explicitly allows them to act. HOTREC welcomed the ruling, praising it as the next step towards a consistent and fair regulatory framework for STR.

Amsterdam rental occupancy at 25%

Recent reports from Amsterdam indicate that the city's vacation rentals are only at 25% of their pre-pandemic occupancy. A major reason for this is the imposed lockdown earlier this year, the sharp decline in visitor numbers and the instructions that were recently imposed by the city council. Short-term rental listings in the three most popular neighbourhoods in the city centre have been prohibited and now renters are required to obtain a permit for their listing. Since 1st of July, when the requirement became official, the municipality had issued only 3,349 permits, of which one third were to STR owners and the rest to bed & breakfast establishments.