Public Consultation – European Affordable Housing Plan – HOTREC

I. Introduction

The unregulated growth of short-term rentals (STRs) across European cities has triggered profound transformations in urban housing markets, community dynamics, and public infrastructure. Originally positioned as a flexible and innovative component of the tourism economy, STRs have increasingly come under scrutiny for their unintended consequences, particularly their role in reducing the availability of long-term housing, inflating property and rental prices, and straining historic city centers.

STRs are now the fastest-growing segment of the accommodation sector, with overnight stays increasing by 67% between 2019 and 2024, compared to just 2.3% growth in the hotel sector over the same period. This surge underscores STRs' central role in the overtourism debate and highlights the urgency of developing policy responses that can keep pace with the sector's unregulated expansion.

This position paper, developed by HOTREC, outlines the multifaceted impacts of STR proliferation and presents evidence-based policy recommendations to guide future regulation. Drawing on data from Eurostat, Inside Airbnb, and city-level case studies, the paper highlights how STR unregulated saturation has contributed to gentrification, resident displacement, infrastructure strain, and mounting social tensions. It also examines the challenges faced by public authorities in enforcing zoning restrictions and ensuring fair competition between STR platforms and traditional accommodation providers.

A key driver of STR proliferation is the light-touch regulatory framework under which STRs currently operate, particularly when compared to the strict and long-standing obligations imposed on hotels on issues such as labour, taxation, environmental, intellectual property, safety, health, security, food, etc. This imbalance has enabled STRs to expand rapidly, often without adequate oversight or accountability. In light of these findings, HOTREC calls for:

- coherent and enforceable policies adjustable to the needs of national, regional, and local realities while promoting consistency across Member States.
- Enhanced data transparency to monitor STR activity and enforce zoning and licensing rules.
- Baseline obligations for STR platforms on taxation, safety, hygiene, and insurance, comparable with hotel standards.
- Implementation of the ViDA rules to ensure fiscal fairness and close tax loopholes.
- Minimum EU standards for STR operations to protect guests and communities.

II. Impact of the Proliferation of Short-Term Rentals on the Housing Landscape

a) Conversion of housing stock: STR growth and the decline of long-term rentals

Over the past decade, the rapid expansion of STRs across European cities has significantly altered the urban housing landscape. While STRs were intended to provide flexible accommodation options for tourists, their unregulated proliferation has led to a marked reduction in the availability of long-term rental housing, accelerating gentrification and the displacement of residents.

Data from Eurostat and Inside Airbnb reveal that in cities such as Málaga, Santorini, Palermo, and Valencia, STRs account for over 40% of all overnight stays[1]. In Málaga alone, STRs represented 55.2% of overnight stays in 2023, with 75.6% of listings managed by multi-property operators[2]. This **professionalization of STRs undermines the narrative of local economic empowerment and instead reflects a shift toward commercial exploitation of residential housing stock**. In Athens, the city's historic center is undergoing a transformation, with traditional residential areas increasingly converted into tourism-oriented zones. The Greek government has responded by maintaining restrictions on new STR registrations in central Athens until at least the end of 2026. STRs are also on the rise in countries that are less affected by overtourism. In Sweden, for example, the housing system poses challenges for legally renting out apartments on a long-term basis. As a result, many homes and apartments are being converted into STRs. Although Sweden is now working to ease regulations to boost housing supply, there is a concern that these changes may inadvertently fuel the growth of short-term rentals rather than expanding long-term housing options.

The conversion of housing stock into STRs is thus leading to displacement pressures in several cities. In Granada's Albaicín district, one in four homes is now used for tourist accommodation, with some areas reaching over 80%. Residents have been forced out by rising rents and the replacement of local businesses with tourist-centric establishments. Barcelona has taken a bold step by announcing the phase-out of STR licenses by 2028, aiming to reclaim housing for residents. The city's decision follows years of protest and legal battles, including a ruling by Spain's Constitutional Court supporting the city's right to regulate STRs in favor of residential needs.

b) Inflated property and rental prices driven by STR

The expansion of STR across European cities has also introduced significant distortions in urban housing markets, contributing to a sustained inflationary trend in both property values and rental prices, particularly in cities with high STR saturation.

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[1] Based on Eurostat data, calculating the percentage after merging 2023 nights spent in tourist accommodation establishments and STRs offered via collaborative economy platforms.

[2] Inside Airbnb Data

Data from Idealista.com and Inside Airbnb show a clear **correlation between STR unregulated growth and rental price inflation** in cities like Málaga and Valencia. Between 2021 and 2025, Málaga experienced a 66% increase in average rental prices city-wide, with some districts, such as Cruz de Humilladero and Carretera de Cádiz, seeing cumulative increases of over 70%[3]. These areas are not only popular with tourists but also host a high concentration of STR listings.

Valencia mirrors this trend. From 2021 to 2025, rental prices rose by 76.1% city-wide, with historic and coastal districts like Ciutat Vella, L'Eixample, and Poblats Marítims recording increases above 80%[4]. Extramurs, in particular, saw a staggering 90.4% rise[5]. These figures suggest that STR activity is a key driver of rental inflation, especially in neighborhoods with strong tourism appeal.

In Rome, a study[6] published by the Publications Office of the European Union found a direct link between STR density and property prices. For single-room apartments, **each additional percentage point in the share of Airbnb listings was associated with an increase of €116.4 per square meter in advertised selling prices**. This inflationary effect reflects the transformation of residential areas into investment zones, where housing is increasingly commodified for short-term tourist use.

The inflationary impact of STRs is not a temporary anomaly but a structural shift. The volatility of STR listings, highlighted by research[7] in Barcelona showing that only 16% of Airbnb listings remained consistently active between 2016 and 2022, illustrates how properties can fluidly transition between residential and tourist markets. This fluidity enables speculative behavior, driving up prices and reducing stability for long-term tenants.

Moreover, professional STR operators, who dominate the market in cities like Málaga (75.6% multi-listings), Lisbon (73.4%), and Athens (71.6%)[8], are more likely to prioritize profitability over affordability. As mentioned earlier, their presence accelerates gentrification, pushing out residents and reshaping urban demographics.

c) Resident protests: social tensions between communities and the tourism economy

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[3] Rental price comparison analysis based on data from Idealista.com and geolocated STR listings from Inside Airbnb

[4] Ibidem

[5] Ibidem

[6] Iodice, S., van Heerden, S., Ribeiro Barranco, R., Bertoni, E., Curtale, R., Gabrielli, L., Signorelli, S., Sulis, P. And Timbeau, X., Exploring the nexus of housing, tourism, and local liveability: Insights from Paris, Milan, and Rome, Iodice, S., van Heerden, S. and Ribeiro Barranco, R. editor(s), Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2760/8602103 , JRC140885

[7] Universitat Oberta de Catalunya (2024) Un estudio muestra la influencia de Airbnb en la oferta de vivienda de alquiler en Barcelona (published on July 24). https://www.uoc.edu/es/news/2024/como-airbnb-influye-en-el-alquiler-en-barcelona

[8] Inside Airbnb Data

The unregulated growth of STRs has reshaped urban housing markets while deepening social tensions between residents and the tourism economy. Across Europe, communities are increasingly mobilizing against the erosion of local life, the displacement of long-term residents, and the transformation of neighborhoods into transient tourist hubs. These movements highlight a widening gap between resident interests and STR-driven urban development.

On June 15–16, 2025, coordinated protests erupted across Southern European cities with particularly high STR saturation including, Palermo (49.4%), Valencia (41.8%), Lisbon (35%), Barcelona (27.9%)[9], and other Spanish and Italian destinations.

Far from isolated events, they formed part of a broader movement demanding a rebalancing of urban priorities. Demonstrators raised concerns about housing affordability, neighborhood identity, and the loss of community cohesion.

In Barcelona, banners reading *"Your Airbnb used to be my home"* captured the emotional toll of displacement. In Málaga, the rallying cry *"Málaga para vivir, no para sobrevivir"* ("Málaga to live, not just to survive") reflected frustrations with rising rents and overcrowding. Lisbon's protests centered on the demand for *"a Lisbon for those who live and work here,"* underscoring the disconnect between tourism growth and resident well-being.

Historic districts have become flashpoints. **In Granada's Albaicín neighborhood, a UNESCO World Heritage site, residents report that in some areas more than 80% of homes are dedicated to tourists**. Local groups such as *Albayzín Habitable* have demanded a moratorium on new STR licenses to preserve the district's social fabric.

In Tenerife, more than 15,000 people marched in May 2025 against overtourism and housing unaffordability. With average rents reaching €14.6 per square meter[10], the highest in Spain, protesters called for a residency law to curb population pressures and safeguard access to dignified housing.

d) Pressure on public services and infrastructure

The proliferation of STR in European cities has placed mounting pressure on urban infrastructure, particularly in historic centers that were never designed to accommodate mass tourism. As STRs concentrate in these areas, cities face a cascade of challenges: overcrowding, noise pollution, waste management issues, and transit strain. All these challenges threaten both the quality of life for residents and the sustainability of the tourism economy.

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[9] Based on Eurostat data, calculating the percentage after merging 2023 nights spent in tourist accommodation establishments and STRs offered via collaborative economy platforms.

[10] El País (2025) *Más de 23.000 personas vuelven a la calle para reclamar límites al turismo en Canarias* (published on May 18). https://elpais.com/economia/2025-05-18/mas-de-23000-personas-vuelven-a-la-calle-para-reclamar-limites-al-turismoencanarias.html

Historic districts such as Albaicín in Granada, central Athens, and Santorini's caldera-facing neighborhoods have become hotspots for STR activity. In Santorini, STRs accounted for 54.8% of all overnight stays in 2023[11], far exceeding the EU27 average of 19.7%. This saturation has led to overcrowded streets, especially during peak seasons, with narrow alleys and pedestrian zones overwhelmed by tourist flows. In Athens, the city's tourism carrying capacity study revealed that traditional residential areas in the historic center are increasingly giving way to tourism-oriented businesses. This transformation has not only displaced residents but also strained local infrastructure, including water, waste, and public transport systems.

The influx of short-term visitors in residential buildings has introduced persistent noise disturbances, particularly in multi-unit dwellings where STRs operate alongside long-term tenants. In Madrid, legal action was taken against a building hosting 10 tourist flats, with the court citing "illicit and unsanitary activities" and psychological harm to neighboring families[12].

Waste management systems are also under strain. In Málaga and Granada, **local authorities have had to increase cleaning services in historic neighborhoods to cope with the volume of waste generated by transient visitors**[13]. However, residents often view these measures as reactive and insufficient, especially in areas where STR density is highest.

STR concentration in central zones has also intensified demand on public transit and local mobility networks. In cities like Lisbon and Barcelona, the influx of tourists staying in STRs across multiple neighborhoods has led to overcrowded metro stations, bus lines, and pedestrian routes. This not only affects residents' daily commutes but also contributes to wear and tear on infrastructure. In Tenerife, the surge in STR registrations, over 7,000 new applications in early 2024, coincided with growing concerns about transit congestion and environmental degradation. Protesters called for sustainable tourism policies that address infrastructure capacity alongside housing concerns.

One of the key challenges in managing infrastructure strain remains the fragmented nature of STR governance. While cities may impose zoning caps or licensing restrictions, enforcement often lags behind market dynamics. STR platforms do not consistently share real-time data with municipalities, making it difficult to monitor saturation and respond proactively to infrastructure stress. Moreover, infrastructure planning typically operates on long-term cycles, whereas STR growth can be rapid and volatile. This

[11] Based on Eurostat data, calculating the percentage after merging 2023 nights spent in tourist accommodation establishments and STRs offered via collaborative economy platforms.

[12] The Guardian (2025) *Madrid family win case against tourist flats after 'illicit and unsanitary' acts* (published on July 8). https://www.theguardian.com/news/2025/jul/08/madrid-judge-shuts-down-10-tourist-rentals-for-illicit-and-unsanitary-activities

[13] Granada Digital (2025) *Vecinos del Albayzín claman en San Nicolás contra la turistificación* (published on June 15). https://www.granadadigital.es/concentracion-albayzin-habitable-san-nicolas-contra-turismo/

mismatch leaves cities vulnerable to sudden spikes in demand that outpace their ability to adapt.

III. Lack of a level playing field between STRs and hotels

Hotels are subject to stringent regulatory frameworks in areas such as safety, security, hygiene, insurance, and labour standards. These obligations stem from their nature as professional accommodation providers, operating on a commercial basis and hosting large numbers of guests. Hotels must meet rigorous requirements, from fire safety and accessibility standards to hygiene protocols, workplace protections for staff, and comprehensive insurance coverage. STR, by contrast, developed under a "light touch" approach. Policymakers initially treated them as private homes rented occasionally by residents to supplement income, rather than as businesses. As such, STRs have been exempted from many obligations imposed on hotels, including systematic inspections, mandatory insurance, and labour-related responsibilities. Although some public authorities across different levels of government in Europe are progressively adopting more restrictive measures, STRs remain far from being subject to a regulatory framework comparable to that of hotels.

This lighter regulatory regime has significantly contributed to the proliferation of STRs. With fewer compliance costs and administrative barriers, property owners can easily convert housing units into tourist accommodation, often outside the scope of professional oversight. This regulatory gap not only distorts competition with hotels but also increases risks for consumers and neighbours, given the absence of equivalent health, safety, and security guarantees.

Crucially, the STR market has evolved well beyond its original, casual character. As mentioned in earlier sections of this paper, the STR market is increasingly dominated by professional operators managing multiple listings. In key tourist cities, the vast majority of STRs are no longer run by "occasional hosts" but by commercial actors: multi-property operators control 75.6% of listings in Málaga, 73.4% in Lisbon, and 71.6% in Athens. This professionalization undermines the narrative of local economic empowerment and highlights the commercial exploitation of residential housing stock. As STRs increasingly resemble hotel-like operations in scale and business model, the rationale for maintaining a lighter regulatory framework collapses. A more balanced approach is needed to ensure fair competition, consumer protection, and sustainable urban development.

IV. Policy recommendations for a fair and sustainable STR ecosystem

To effectively address the unregulated proliferation of STRs and their impact on housing, infrastructure, and urban cohesion, it is essential to integrate STR activity into coherent policy measures with a focus on:

1. **Balancing EU coherence and local autonomy in STR policy**

Effective regulation of STRs must be grounded in the EU principle of subsidiarity, ensuring that decisions are taken as closely as possible to citizens while maintaining coherence across the internal market. Given the diversity of housing markets, tourism dynamics, and urban pressures across Europe, a "one-size-fits-all" approach to STR regulation would be neither practical nor proportionate.

The EU should therefore provide a harmonised regulatory baseline while leaving room for Member States and local authorities to adapt measures according to their specific housing and tourism realities. Such a multi-level governance model would combine Union-wide consistency with local adaptability, supporting both the integrity of the single market and the autonomy of national and local authorities. This approach would also facilitate the exchange of best practices between Member States, promote legal certainty for platforms and hosts operating across borders, and allow regulators to respond more effectively to local housing, environmental, and community challenges.

2. **Strengthening data collection and transparency**

Effective regulation begins with reliable data. Authorities need accurate information on:

- Who is renting out properties,
- In what capacity (professional or non-professional),
- Where these rentals are located,
- And for how long they are being offered.

This data is foundational for designing and enforcing policies such as night caps, licensing schemes, and zoning restrictions. The newly adopted EU Regulation on STRs is a welcome step toward standardizing data collection and improving transparency. However, its success hinges on:

- Robust national implementation,
- Accurate self-declarations by hosts,
- Consistent cooperation from platforms, including the removal of illegal listings and the display of registration or authorization numbers.

If progress remains uneven, HOTREC recommends revisiting the voluntary nature of certain provisions and moving toward mandatory, harmonized implementation across all Member States.

3. **Ensuring baseline and tailored obligations**

STR platforms must be subject to obligations comparable to those imposed on other sectors, particularly hotels, which have long operated under stringent rules. The current regulatory imbalance creates unfair competition, undermines consumer protection, and makes STR proliferation easier.

On taxation, HOTREC supports the recently adopted VAT in the Digital Age (ViDA) rules, which make platforms responsible for collecting VAT on STRs of up to 30 nights. This

reform has the potential to close long-standing loopholes and restore fiscal fairness. In this context, HOTREC welcomes the Commission's ViDA implementation strategy which clarifies key action points for Member States to implement the new rules applicable to STR platforms.

However, taxation is only one area where parity is needed. STRs continue to operate with limited oversight in domains such as safety, hygiene, and insurance, posing risks to guests and eroding public trust. The COVID-19 pandemic exposed serious gaps in STR operations, including inadequate cleaning protocols, poor ventilation, and insufficient emergency preparedness. To address these risks, HOTREC recommends the EU adopt minimum standards on safety, hygiene, and insurance (e.g. liability insurance for personal injury and property damage) for STRs, applicable to both professional and non-professional hosts.

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