

## EXECUTIVE SUMMARY

Short-term accommodation rentals offered via online platforms represent a new and rapidly growing economic activity, which has attracted significant interest, raising several issues in relation to its economic effects and the need for institutional interventions to regulate its operation.

The present report focuses on the case of Greece and provides an economic analysis of recent developments and characteristics of the country's short-term accommodation sector. As a background to this analysis, the report investigates and outlines the multi-dimensional economic effects of short-stay rentals, based on a review of the insights obtained from the recent, extensive literature concerning this activity. Furthermore, the report examines in detail the legislative interventions for the regulation of short-stay rentals in Greece, while also providing an overview of the relevant institutional framework and the new regulatory initiatives pursued at the level of the European Union (EU).

The report utilizes recent economic data on short-term accommodation rentals in Greece and the EU. The data, which originate from official sources (Eurostat, the European Commission) and include new statistics that became available for the first time in the year 2021, are employed in an original analysis focusing on the case of Greece. The analysis examines the size and evolution of short-term rentals in Greece at the national, regional and metropolitan levels, while also capturing key factors related to the supply and demand for these accommodations in the country.

As the review of the relevant literature shows, the range of potential effects of short-stay rentals is particularly complex and can vary significantly depending on the characteristics of each individual case. Indicatively, the conditions of the tourist market in which the short-term rental sector develops, the rating of the local traditional tourist accommodation, and the geographical distribution of the properties available through online platforms are some of the factors that can play a decisive role in terms of the direction and intensity of the impact. At the same time, an impor-

tant role in preventing potential negative effects and maximizing the benefits from the development of short-term accommodation is assumed by the implementation of an appropriate institutional framework for the operation of this market.

The rapid development of short-term accommodation rentals resulted in a series of legislative interventions to regulate this market in Greece. As the activity was new, various issues unfolded in relation to its definition, the determination of operating rules and the handling of matters related to its effects on other sectors (hotels, housing, etc.), taxation and social and environmental conditions. Similar needs for the regulation of this activity also emerged in the other countries of the EU. However, a fragmentation of regulations among member-countries and deficiencies in addressing the problems that emerged were not avoided, despite the general guidelines provided early on, in the 2016 European agenda for the collaborative economy. To address this situation, a new initiative of the European Commission is underway for the formulation of relevant European legislation, with the aim to develop responsible, fair and trusted growth in short-term rentals. The new legislative framework may lead to adjustments to the corresponding regulatory framework of all countries of the European Union, including Greece.

The growth of short-term rental activity in Greece was favored not only by international trends and technological developments, but also by certain particular characteristics in relation to the country's tourism market, the real estate market and the general conditions relating to the domestic economy, employment and incomes. According to Eurostat's new experimental statistics on collaborative economy platforms, in the period before the outbreak of the pandemic, short-term accommodation rentals showed higher growth rates in Greece compared to the EU average. However, the negative effects of the health crisis for this sector were also more intense in the case of Greece, a result which is possibly linked to the country's higher share of stays corresponding to foreign country residents.

From the comparison of the size of the short-term rental sector to the corresponding size of the hotel sector, it appears that, both in the EU and Greece, the number of nights (guest nights) spent at short-term accommodations fluctuate at quite substantial levels in relation to nights spent

at hotels and similar accommodations. Prior to the outbreak of the pandemic, short-term rentals seemed to have gained ground, without, however, a notable effect on hotel stays. During the early stages of the pandemic, nights spent declined more sharply in the hotel sector compared to the short-stay rental sector, a development that may be due to the fact that certain features of short-term rental accommodation, such as privacy, autonomy, kitchen amenities, etc., created an advantage under the particular circumstances that occurred.

In Greece, nights (guest nights) spent in short-term rentals take place mainly at entire accommodations of a size of less than 10 beds. In relation to the spatial distribution of nights, the region of Attica (which encompasses the metropolitan area of Athens) gathers the highest share, followed by the regions of the South Aegean, Crete, the Ionian Islands and Central Macedonia. At the level of regional units (prefectures), there is quite a large dispersion of guest nights across the country, with Attica first in share, followed by the Cyclades, Chania, Corfu, Thessaloniki, Chalcidice and the Dodecanese. In Attica, stays take place, for the most part, in the Central Sector of Athens, followed by Eastern Attica, Piraeus-Islands and the South Sector of Athens. From a comparison of the spatial distribution of nights spent in short-term rentals and the hotel sector, there is evidence of a clear positive correlation of moderate intensity.

Most of the nights spent in short-term rentals concern foreign visitors, who absorb a larger share of the sector's services in Greece compared to the corresponding proportion in the EU. The majority of visitors staying in short-term accommodation rentals come from the EU, followed by visitors from other European countries and America. The extent to which short-term rentals in Greece are directed at inbound tourism is comparable or even slightly higher than the corresponding share for the hotel sector. On the other hand, the participation of tourists from Europe in the nights spent in Greece seems to be proportionally lower in the short-stay accommodation sector compared to hotels.

Accommodation in short-term rentals generally exhibits stronger seasonality in Greece compared to the EU, with the months of July and August, i.e., the peak of the tourist season, gathering a high share of the total nights spent. Compared to the hotel sector, seasonality in short-term rentals appears relatively more pronounced, while significant differenc-

es are also observed among the regions and cities of Greece. The lowest degree of seasonality in short-stay rentals appears in the region of Attica and in the two largest Greek cities (Athens and Thessaloniki).

The supply and use of short-term rentals has seen significant growth and is more widespread in Greece compared to the EU average. The development of the sector in the country concerns all individual categories of suppliers and users in terms of socio-demographic characteristics such as gender, age, and education. According to the European Commission's Eurobarometer survey data, notable features from the supply side are a large increase in the participation of hosts over the age of 55 and an increasing involvement of people with fewer years of education, residents of smaller cities or rural areas and non-workers. From the demand side, students, people with a higher educational level and residents of large cities show greater participation in the use of short-term rentals.

Greece is characterized by a relatively high development of the more professional form of short-stay accommodation, with a high share of the properties offered having been bought for that purpose. Based on relevant Eurobarometer data, earning additional income was the main motivation for offering short-term rentals, while in the case of Greece, at a lower level compared to the EU average, stood other motivations, such as access to more consumers, ease of interaction with consumers, sustainable and efficient use of available assets, flexible working hours and the opportunity to offer additional or more innovative services. The main problems encountered in the provision of short-term rental services were a lack of clarity about how to provide services legally, a complicated system for paying tax, an unclear impact on employment status and difficulties with consumers. The main reason for stopping to offer short-term accommodation services was the unavailability of a property to rent out, while the lack of economic benefits and the presence of strict or complicated administrative restrictions were also stated as important reasons.

The higher affordability of short-term rentals booked via platforms is the main reason for their selection by visitors in Greece, followed by other advantages in terms of location, the availability of ratings and reviews by users, better facilities and more choice. Accordingly, the disadvantages reported by users were the lack of clarity about who is responsible in the event of a problem, misleading ratings and reviews by users, misuse

of personal data and less trust in the providers of the services offered. The majority of consumers used short-term rentals on top of their habitual use of services offered via traditional channels, but the percentage of users who had partially or completely replaced traditional tourist accommodation services was also significant.

Perceptions regarding the advantages and disadvantages of short-term rentals offered via platforms converge in Greece and the EU. The main advantages are that they provide an additional source of income for hosts and they render travelling more affordable. The main disadvantages are the negative effect on housing availability and prices and the increase in nuisance by tourists. Regarding the effects on quality of life in the neighborhood, most report either positive effects or no effects at all.