

# SOME EUROPEAN CITIES ANNOUNCED AN AIRBNB BAN

Large cities like New York, Tokyo, and Vancouver require hosts who offer short-term rentals to live in the homes they rent. In contrast, London and Paris restrict the number of nights a host can rent their home annually. Some destinations consider an Airbnb ban.

Experts have examined three European hubs—Lisbon, Florence, and Amsterdam—where strict regulations on short-term rentals have been implemented. Early data suggests that the restrictions in Lisbon and Amsterdam decreased house prices. However, the impact on Florence is not yet clear.

This is not a new issue, as cities have been concerned about the impact of short-term rentals on housing costs for years. In recent years, the issue's complexity has become more apparent, and the pressure on lawmakers to control the high cost of living has led to the recognition of the need for comprehensive housing policies.

Rental platforms have opposed many regulations. Airbnb sued New York City over its crackdown last year, but the company has been more open to a new regulatory standard. Over the past two years, Airbnb has called for an EU-wide approach to short-term rental rules to help make regulations more consistent across the bloc.

## **Lisbon's Airbnb Ban May Have Kept the Cost of Housing Low**

In early 2023, Portugal suspended all new licenses for short-term rentals as part of a broader effort to ease pressure on the housing market from long-term tourists and foreign visitors. The country's capital, Lisbon, took action much earlier, ending new short-term rental registrations in some historic neighborhoods in November 2018.

This ban may have slowed the growth of housing costs. In a study published in November 2022, co-author João Pereira dos Santos, a researcher at the School of Economics at Queen Mary University in London, found that house prices in Lisbon's neighborhoods subject to the ban decreased by 9%.

However, Pereira dos Santos says that more than restricting short-term rentals will be required to control the rapid growth of housing prices in the city and the country. The popular "golden visas"—foreign investors' residence visas—have also raised real estate prices. In response to the real estate crisis, Portugal amended the conditions of its golden visa program last year to exclude real estate investment.

The combination of restrictions on tourist rentals and foreigners' purchases of property could be slowing down house price growth in Portugal.

However, according to Pereira dos Santos, Portugal needs to build and renovate many houses to continue meeting its high housing demand.

## **House Prices in Amsterdam Have Stabilized**

Amsterdam's less strict policy has led to a decrease in the number of short-term rental listings. Instead of a complete Airbnb ban, Amsterdam now limits the number of nights owners can rent their homes to 30 per year. According to data from the short-term rental analytics website AirDNA, there are currently around 5,000 listings available in Amsterdam, down from the city's peak of 12,000

listings in 2019.

House prices in Amsterdam have also slightly decreased. Some experts, however, are cautious about attributing this drop solely to enforcing Airbnb's restrictions.

Gregory W. Fuller, an assistant professor at the University of Groningen in the Netherlands, stated that house prices in Amsterdam have stabilized and cooled down compared to the rest of the country. He mentioned it's difficult to determine whether this was due to the rules on Airbnb. Fuller pointed out that other housing measures enacted in Amsterdam during the same period, such as a ban on investors buying homes valued at less than \$560,000 in 2022, also played a role in easing market pressure.

However, Amsterdam still faces an affordability crisis. Fuller emphasized that the supply of affordable housing is far below the demand.

### **Florence Has Just Revoked Its Airbnb Ban in the City Center**

The impact of Airbnb regulations in Florence has been uncertain due to inconsistent enforcement and legal challenges. In 2023, the city banned short-term rentals in its historic center to address housing affordability issues. This decision was made in response to a doubling of short-term rentals citywide and a 42% rent increase between 2016 and 2023. However, in July of this year, a regional court overturned the Airbnb ban, leading to a rush of investors looking to take advantage of the situation before potential new rules are put in place by the new mayor. Following lifting the ban, there was a 10% increase in applications for Airbnb licenses in the city center. Despite these developments, some experts point out that the impact of Airbnb can still be seen, such as blank doorbells in apartment buildings indicating a shift toward rental use.

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