

SHORT-TERM RENTAL PLATFORMS: AIRBNB IN V4 COUNTRIES

Pavel Peterka¹ 
Aleš Rod² 
Radek Soběhart³ 

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Abstract: *The concept of sharing economy, is naturally a source of new challenges. These challenges and potential problems must be solved by the regulator in cooperation with the platform to the satisfaction of all stakeholders involved. To do so an overview of the presence of short-term rental platform Airbnb in V4 is necessary. According to the latest data from 2019, the total number of individual short-term rental offers through Airbnb in V4 countries reached 104 400 in 2019. Approximately 4.63 million visitors made use of accommodation offered in V4 countries. In countries of V4 in 2019, guests spent on accommodation and services in the neighborhood of the accommodation space itself 1.202 billion euros.*

Keywords: *Sharing economy, Short-term rental, Tourism.*

1. INTRODUCTION

A phenomenon of such importance as Airbnb, or the whole concept of sharing economy, is naturally a source of new challenges. These challenges and potential problems must be solved by the regulator in cooperation with the platform to the satisfaction of all stakeholders involved. To do so an overview of the presence of short-term rental platform Airbnb in V4 is necessary. Overview of Airbnb activities in V4 and comparison of individual V4 countries supported by unique data is included in this manuscript.

Short-term rental platform Airbnb has a significant presence in many countries all over the world. Visegrád 4 countries that include Czechia, Poland, Hungary and Slovakia are not an exception. According to the latest data from 2019, the total number of individual short-term rental offers through Airbnb in V4 countries reached 104 400 in 2019. Approximately 4.63 million visitors made use of accommodation offered in V4 countries. About 0.81 million of these visitors were staying in accommodation in their country of residence. In countries of V4 in 2019, guests spent on accommodation and services in the neighborhood of the accommodation space itself 1.202 billion euros. From this sum, around 0.308 billion euros was spent on the accommodation from local providers and 0.894 billion euros for services in the neighborhood of the accommodation facility.

Such a fast-growing phenomenon with significant impacts in various areas naturally attracts attention. This paper offers a summary of Airbnb's presence in V4 along with a description of identified challenges that go in hand with sharing economy and short-term rentals platforms boom. Analysis of available data from 2019 in this paper offers a perspective on this phenomenon in the pre-covid-19 era, which could be used as a starting point in future research on the development of such platforms during and after the covid pandemic.

¹ Jan Evangelista Purkyně University in Ústí nad Labem, Moskevská 54, Ústí nad Labem, Czech Republic

² Jan Evangelista Purkyně University in Ústí nad Labem, Moskevská 54, Ústí nad Labem, Czech Republic

³ Jan Evangelista Purkyně University in Ústí nad Labem, Moskevská 54, Ústí nad Labem, Czech Republic

2. MAIN CHALLENGES

A phenomenon as important as Airbnb, or the whole concept of sharing economy, naturally brings many new challenges for all stakeholders including various regulators, tax bureaus, institutions active in city zoning, tourism agencies, consumer and employee protection institutions, housing developers, tenants, land owner, citizens, workers and many more. These may not be only challenges with impact on the platform but also on other subjects and stakeholders. With the growing phenomenon of the sharing economy, the challenges started being apparent not only in big cities but also in medium and small cities. (DiNatale, Lewis, & Parker, 2018). The challenges spread across various areas which are further described in this chapter.

Challenges in the area of tax code and tax liability were among the first challenges identified and addressed. Various research aimed at possible tax evasion of sharing-economy platforms including Airbnb and its extent. (Ključnikov, Krajcik & Vincúrová 2018). Especially in Europe, where international businesses including some of the sharing economy platforms encounter EU tax legislation and different tax systems in EU member states. Member states can be seen taking different roads in terms of taxation of sharing economy and similar digital platforms. Some member states already adopted a new set of rules for sharing economic platforms, while other member states apply the existing legal framework. (Pantazatou, 2018) Diverse tax systems in the EU and its member states cause difficulties in addressing possible issues with tax liability. Comprehensive data analysis of sharing economy presence is crucial in finding a successful solution, where all stakeholders are satisfied.

Early after an expansion of sharing economy questions arisen about maintaining a standardized level of consumer and employee protection in exchange conducted through sharing economy platforms. Questions regarding consumer and employee protection revolved mainly around platforms providing transportation services, which were similar to taxi services in various countries and around a gig economy, where one-time gigs were offered through platforms. (Koopman, Mitchell & Thierer, 2015) Some researchers go further and claim that sharing economy has created new forms of employment and new labor practices, where workers are operating as entrepreneurs or independent contractors especially when it comes to labor and tax code. That is because labor codes and tax codes in various countries especially in the EU set more flexible rules and tax rates for contractors and entrepreneurs. This is seen by some as a welcome change that helps flexibility in labor markets, employment, sustainability and decentralization. (Munger, 2019) Others see it as a threat to both employee and consumer protection. (Ahsan, 2020) Changes that come with sharing economy and other digital platforms challenge the current legislative framework, which could be seen as a welcomed impulse for often rigid regulatory frameworks designed for traditional businesses. (Tura & Vaskelainen 2018) A looser legislative framework for some parts of digital platform businesses could endanger equal market conditions for digital platforms and standard businesses before changes on markets are properly addressed and agreed upon rules enforced. (Codagnone & Martens, 2016) The natural professionalization of the services especially short-term rentals provided through digital platforms in several countries already addresses these problems and gradually levels the market conditions. Along with the professionalization of the services a definition of sharing economy is under pressure. (Li & Srinivasan, 2018).

Other areas where challenges arise were discovered by current research include urban development and the economy of cities. Short-term rental platforms including Airbnb have expe-

rienced a rise in popularity in most parts of the world and especially in big and capital cities. And because a significant portion of listings offered on short-term rental platforms is part of the housing stocks of those cities many research questions have arisen. One of the questions is the impact of Airbnb listings on the house and rental prices, where the growing number of short-term rentals especially in inner city centers pushes prices of both long-term rentals and housing stock higher. (Todd, Musah, & Cheshire, 2021) Another topic addressed by researchers regarding short-term rentals is the faster gentrification of desirable and internationally recognizable neighborhoods. (Wachsmuth & Weisler, 2018) The introduction of a new potential revenue flow into housing markets and the promotion of tourism through short-term rental platforms has both positive and negative impacts. On the positive side, we can find boosting of GDP, higher flexibility on the labor market, new sources of revenues, the attraction of tourism outside of the inner-city center, increased economic value of a neighborhood, etc. as gentrification is a natural process that has both positive and negative impacts. (Morisson & Bevilacqua, 2019) On the negative side, the gentrification could lead to the loss of affordable housing due to new living and economic standards, where the main problem is that the gentrification connected to short-term rentals is more disproportional and causes an increase in the rent gap in specific parts of cities. (Wachsmuth & Weisler, 2018).

3. AIRBNB IN V4 COUNTRIES

This chapter contains data analysis of Airbnb presence in V4 countries, which are important for future research and debates regarding short-term rental platforms. Unique and verified data provided directly by Airbnb describe the situation in V4 countries with special attention to Prague, Budapest, Warsaw, Krakow and Bratislava.

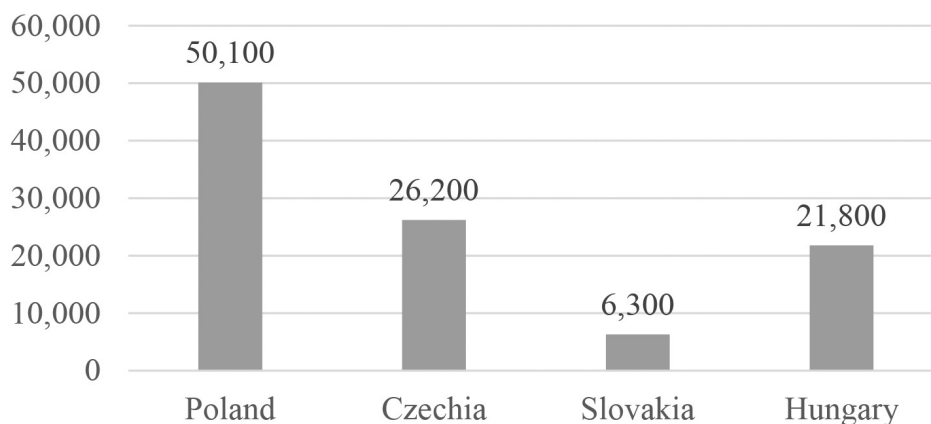


Figure 1. Number of active listings of Airbnb in V4 countries in 2019

Source: (CETA & GKI & INESS & Liberté, 2021)

Figure 1 shows the number of listings offered through the Airbnb platform in V4 cities. These listings consist of dwellings or their parts such as one room or a couch. The total number of Airbnb listings in V4 countries was 104 400 in 2019. The highest amount 51 200 listings were offered in Poland. There were 26 200 listings offered in Czechia, 21 800 listings in Hungary and 6 300 listings in Slovakia. These offers were accepted by approximately 4.63 million visitors. Approximately 809 900 of these visitors used accommodation opportunities in their own country of residence. For these services tourists paid approximately 308 million euros. Additional 894 million euros were spent on local services during their travels. (CETA & GKI & INESS & Liberté, 2021) Not all these listings are offered throughout the year. Some listings are offered

seasonally, some are offered for weekends and some only for a couple of days. The occupancy rate of the abovementioned listings also varies greatly, with Hungary having the highest average occupancy rate of 15,9 %. Czechia has an average 12,3 % occupancy rate of approximately 45 nights per year. In Slovakia, the average occupancy rate was 7,1 % and in Poland 6,8 %.

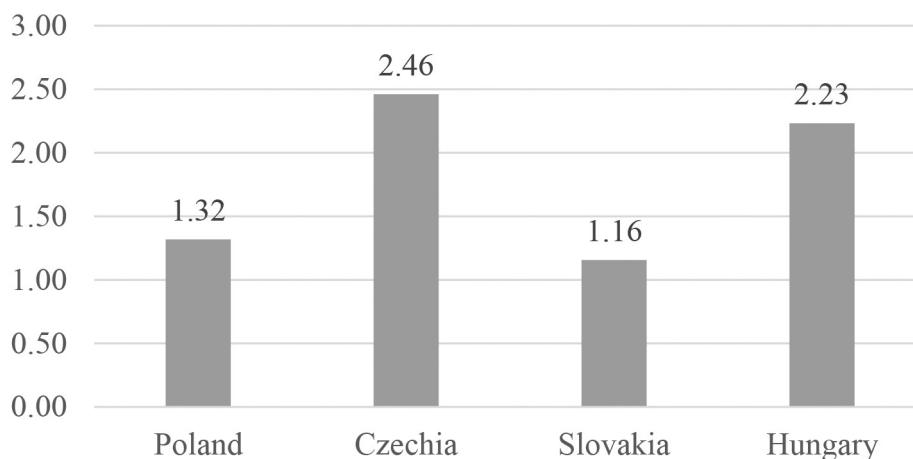


Figure 2. Number of active listings of Airbnb in V4 countries per 1000 inhabitants in 2019
 Source: (CETA & GKI & INESS & Liberté, 2021)

Figure 2 shows the number of listings adjusted by the population level in V4 countries. Number of listings was calculated by individual population size in 2019. Czechia had the highest adjusted number of offers with 2,46 listings per 1 000 inhabitants. Hungary had the second-highest number of offers with 2,23 listings per 1 000 inhabitants followed by Poland with 1,32 and Slovakia with 1,16.

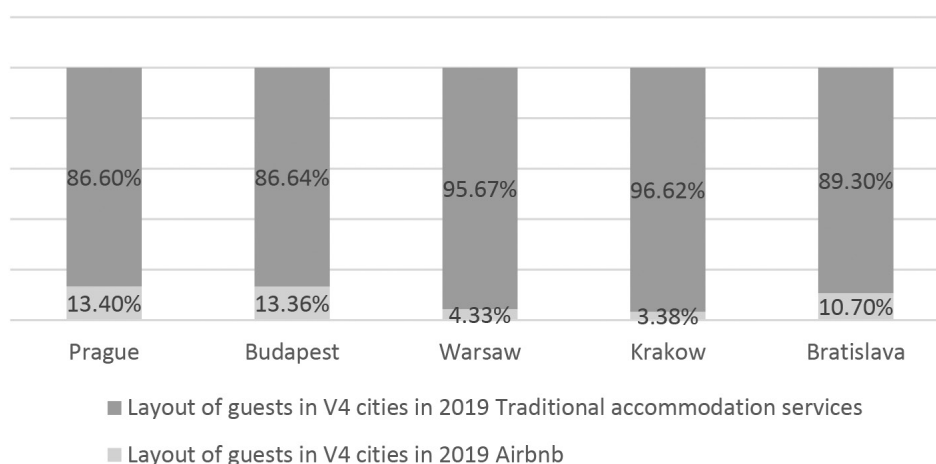


Figure 3. Layout of guests in V4 cities in 2019
 Source: Local statistical offices

To put the number of listings into perspective Figure 3 depicts the distribution of tourists in two types of accommodation: Airbnb and traditional hotels. In Warsaw and Krakow, less than 5 % of tourist chose Airbnb and more than 95 % of tourists chose traditional. The situation is different in Bratislava where about 10 % of tourists chose Airbnb as their accommodation type and 90 % of tourists chose hotels. Airbnb's share in V4 is highest in Prague and Budapest. Its share of accommodation of tourists is approximately 13.4 % in both cities. Almost 87 % of tourists still use traditional accommodation services.

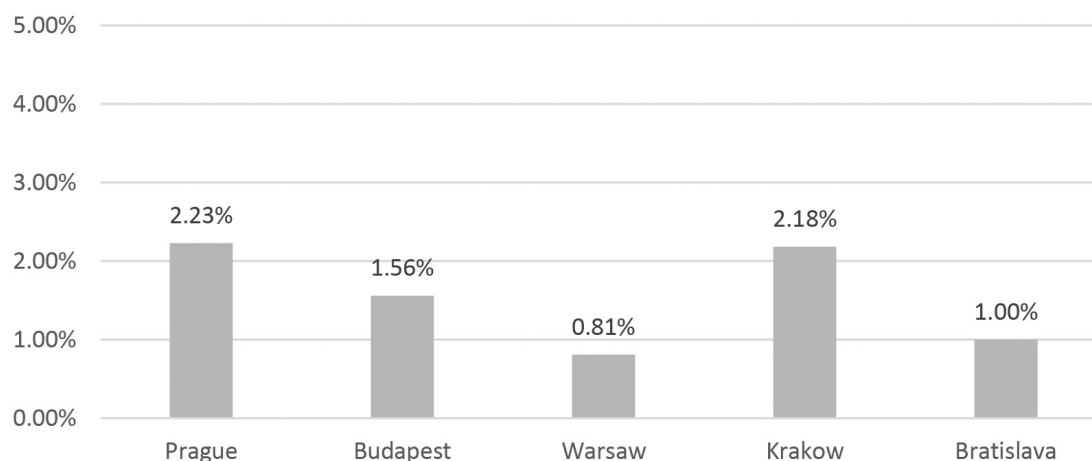


Figure 4. Share of Airbnb listings on total housing stock in selected V4 cities

Source: Local statistical offices

Figure 4 addresses the share of Airbnb listings on total housing stock in V4 cities – capital cities of Czech Republic, Hungary, Poland, Slovakia and Krakow. The share of listings, where a significant part is not active for the whole year, on housing stock is the highest in Prague, on housing stock, reached 2,23 % in 2019. The lowest share is in Warsaw with 0,81 % leaving Budapest with 1,56 %, Krakow with 2,18 % and Bratislava with 1 % in between.

4. FUTURE RESEARCH DIRECTION

Further research in all listed challenges connected to the rise of the digital and sharing economy is welcome as both the topic and research targets are complex and require thorough and complex work. The COVID-19 pandemic situation caused a deep crisis in tourism forcing it to restart under strict hygienic rules. (Nguyen & Van Hong, 2021) This restart offers a huge research opportunity that can be focused on the impact of digital and sharing economy platforms on all the stakeholders before, during and after the pandemic. A comparison of short-term rental activities in those periods and during the restart of tourism could offer many of the answers that current research is looking for. (Bresciani et al., 2021).

The restart of tourism will affect short-term rental platforms. Some cities and states already changed the legal framework regarding sharing economy and short-term rental platforms. Other cities chose to maintain the current regulatory framework. Effects of various regulatory frameworks and quality of institutions and their analysis and comparison could prove to be beneficial for this field of research. The quality of research outcomes would be increased by reliable data about urban situations and the use of housing stock in cities. Thorough and detailed data about other active short-term rental platforms, unused parts of housing stocks, available brownfields, number of offices set up in residential premises and about the efficiency of urban planning and construction permits processes would significantly help future research in this area.

5. CONCLUSION

The relatively new phenomenon of sharing economy short-term rental platforms such as Airbnb grew in importance in past years. The sharing economy business model based on modern technologies and digital platforms comes with new opportunities and challenges that initially impacted mainly big cities but now they are also apparent in medium and small towns. The

main challenges connected to short-term rental platforms such as Airbnb cover a wide area: the tax liability, consumer and employee protection, equality of market conditions, housing and rental prices, possible loss of affordable housing, housing stock occupancy, disproportionate gentrification, the economic value of neighborhood, living and economic standards, increase in tourism, increase in GDP, higher flexibility on labor markets and the emergence of new markets.

To be able to verify and potentially measure individual impacts of Airbnb and other short-term rental platforms it is necessary to use reliable data. This is why this paper contains a quantification of Airbnb presence in V4 countries and its analysis. In countries of V4 in 2019, guests spent on accommodation and services in the neighborhood of the accommodation space itself 1.202 billion euros. In 2019 the total number of listings offered in Poland, Czechia, Hungary and Slovakia through the Airbnb platform was 104 400. In Poland, there were 50 100 different listings, in Czechia 26 200, in Hungary 21 800 and Slovakia 6 300 listings. This paper includes a calculation per 1000 inhabitants to adjust individual values to different population levels in V4 countries. In 2019 there were 2,46 listings per 1 000 inhabitants in Czechia, which was the highest value. The second highest value belongs to Hungary, where 2,23 listings per 1 000 inhabitants were offered. Poland had 1,32 and Slovakia 1,16 listings per 1 000 inhabitants. The share of Airbnb listings on total housing stock in selected V4 cities varies from 0,81 % in Warsaw to 2,23 % in Prague.

The impact of short-term rental platforms is not black and white, which is only natural given the number of stakeholders and their wide variety. On one hand, we can see a significant positive influence of Airbnb and other sharing economy platforms on the economy, labor markets, living standards and overall wellbeing of society. On the other hand, it is necessary to properly address the main challenges and concerns that come with them in both regulatory and urban areas. To accomplish that it is necessary to continue research in this field.

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