



**TOURISM
ECONOMICS**

AN OXFORD ECONOMICS COMPANY

Harnessing the Short-Term Rental Advantage in Europe

**An Economic Assessment of the STR
Segment in the EU and the Impact of
Regulation**

2024

Executive Summary

Key Findings

Short-term rentals (STRs) have become a popular accommodation alternative for European travellers, as they opt for the convenience and affordability that STRs offer both at home and abroad.

Economic Benefits Provided by STRs



STRs also offer a range of unique benefits that extend beyond their economic contribution:

They play a crucial role in facilitating travel for families.

STR-supported tourism is tourism made in Europe - primarily supporting European travellers and hosts across the EU.

97% of STR earnings are transferred to hosts who reside within the EU, totalling €26.5 billion in income for European residents.

STRs support rural areas and less visited urban neighbourhoods across the EU.

One of the standout features of STRs is their flexibility in scaling up to accommodate one-off events.

STRs contribute to local investment and the revitalisation of areas.

STRs exert a downward pressure on tourism accommodation prices.

It is essential to approach STR regulation with balance and consideration to retain these benefits.

Executive Summary

Short-term rentals (STRs) have become a popular accommodation alternative for European travellers, as they opt for the convenience and affordability that STRs offer both at home and abroad.

Of all nights spent in STRs within the EU, 38% of guests are from within the same country, and international visitors typically originate from elsewhere in the EU. These guests increasingly stay in non-urban and less visited neighbourhoods, spreading economic benefits across the region.

In 2023, these STR guests spent nearly **€128 billion** in the EU, with host earnings constituting **€27 billion** (21%) of this spend. This spending contributed **€149 billion** to EU GDP, supporting **2.1 million jobs** and **€74 billion in wages**, generating almost **€40 billion** in tax revenue.

By offering an affordable alternative to traditional tourism accommodations, short-term rentals have also strengthened the competitiveness of tourism as one of the key economic sectors of the EU.

STRs also offer a range of unique benefits that extend beyond their economic contribution:

They play a crucial role in facilitating travel for families, with nearly 80% of guests on Airbnb across the EU travelling with their partner or significant other, and 39% travelling with children. This makes STRs an attractive option for family vacations, providing the comfort and convenience that traditional accommodations might lack.

STR-supported tourism is tourism made in Europe - primarily supporting European travellers and hosts across the EU.

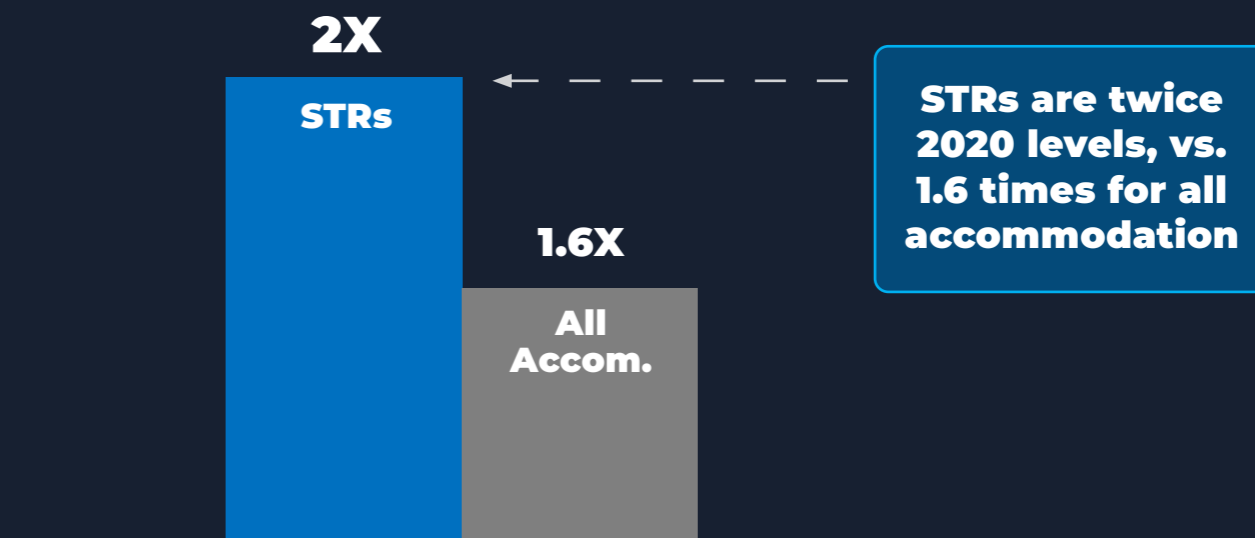
European travellers accounted for 62% of international STR guest nights in 2023, whilst 4 in 10 (38%) of all guest nights stayed in STRs are by domestic tourists.

Figure 1: Economic Benefits Provided by STRs



* All sources for the data highlighted in this section are disclosed in the relevant sections of the report "Harnessing the Short-Term Rental Advantage in Europe". The report was commissioned and financed by Airbnb.

Figure 2: STR Nights in Rural Locations Have More than Doubled since 2020



Source: Tourism Economics, based on Eurostat Tourism data.

97% of STR earnings are transferred to hosts who reside within the EU, totalling €26.5 billion in income for European residents.

These earnings are often spent by hosts in the local area, helping to revitalise communities and support local businesses.

STRs support rural areas and diverse urban neighbourhoods across the EU.

The majority of STR nights (55%) are spent in non-urban locations—with the number of STR nights spent in predominantly rural areas more than doubling since 2020. Additionally, half of guests staying in listings on Airbnb in key EU cities visit neighbourhoods they might not have otherwise explored (44%), thereby spreading the economic benefits of tourism more widely beyond city centres. In regions like Portugal's Douro, where incomes are 26% below the national average, STRs supported over 200,000 guest nights in 2023, boosting jobs, local industries, and living standards.

One of the standout features of STRs is their flexibility in scaling up to support one-off events.

In numerous instances, STR nights and listings have temporarily increased to support recent events across Europe, avoiding the need for permanent increases in accommodation capacity. During the 2024 Paris Olympic and Paralympic Games, for example, demand for STRs surged by 90% year-over-year, easing accommodation shortages and stabilising prices. Moreover, this adaptability ensures that cities can host large events without the long-term burden of excess accommodation infrastructure, which helps to keep accommodation prices low—STRs saved travellers £28 per night during the Eurovision Song Contest in Liverpool in 2023.

STRs contribute to local investment and the revitalisation of areas.

Increased tourism revenues from STR activities have been shown to support residential investment and rejuvenate local communities. In the US, research shows that a 1% increase in listings on Airbnb led to a 0.77% increase in residential building permits. With housing shortages afflicting many European cities, fostering residential investment through STRs has the potential to improve housing supply and alleviate price pressures in the long term.

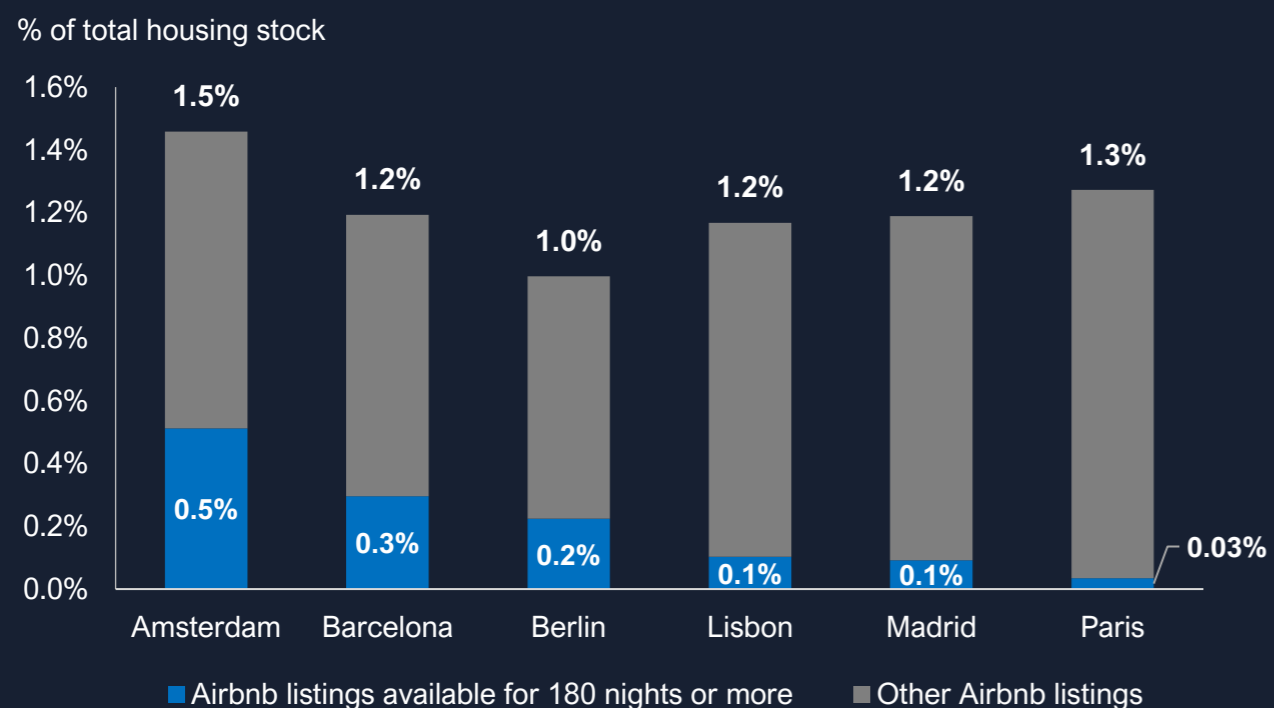
STRs exert a downward pressure on tourism accommodation prices.

Listings on Airbnb have helped reduce travel accommodation prices for all travellers by an estimated €7 per night on average in key European destinations, with more substantial impacts expected during peak demand periods such as major events.

It is essential to approach STR regulation with balance and consideration to retain these benefits while avoiding unintended negative consequences.

Overall, STRs constitute a small portion of housing stock in major cities. Overly restrictive STR regulations can inadvertently shift activity to other forms of accommodation, increasing accommodation prices and sacrificing a significant portion of local host earnings. Disproportionate regulation can also be costly, ineffective in achieving their intended aim, and foster a stronger informal sector for STRs listed via non-transactional platforms, which are even harder for authorities to monitor.

Figure 3: Listings on Airbnb Make Up a Small Part of the Overall Housing Stock



Source: Airbnb listings data, Eurostat data on conventional dwellings



Short-term rentals (STRs) provide **significant economic benefits** across the EU and offer **a range of unique benefits** that extend beyond their economic contribution.