

Short-term rentals on platforms like Airbnb amplify housing shortage in urban areas

Submitted by: BlueSky Public Relations Ltd

Tuesday, 19 January 2021

Short-term rentals, such as Airbnb, are causing housing shortages and rent increases, according to new research by the University of Cologne.

The study, conducted by Felix Mindl and Dr Oliver Arentz, investigated the impact of short-term rentals on the Cologne housing market, with findings that come as a stark warning to other urban areas.

The research found that pressure on the housing market has been steadily increasing over the past 10 years, with the number of short-term rental accommodations in Cologne increasing from 500 to nearly 6,200 in the last five years alone.

Of these accommodations, 41 percent are rated as professional of which 65 percent are owned by hosts with multiple accommodations.

The average income from short-term rentals exceeds that of long-term rentals after only 90 booked days.

“While a large proportion of hosts can be considered home sharers, we find an increasing proportion of providers who have developed a professional business model from short-term rentals. Professional short-term rentals are available to tourists throughout the year and thus compete directly with long-term tenants, for whom the rooms are then no longer available,” says Felix Mindl.

The research also found that 14.2 percent of overall rent increases within the study period can be attributed to short-term rentals – this results in a rent increase of around 320 Euros per year for new tenants.

The authors suggest that a registration process for the hosts could make an important contribution to improving transparency of the market structure.

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