



Prospective
research

Air-Bru: How can Brussels mitigate short-term housing rental impacts without losing their advantages?

Key messages

1

The Brussels short-term rental market has experienced significant growth, presenting multiple opportunities and challenges.

2

The professionalisation of the short-term rental market strengthens disadvantages such as geographical concentration in tourist areas and increased market share for professional hosts.

3

Strong correlations between host types and location on one hand, and benefits and drawbacks on the other, have been identified.

4

A correlation between increased Airbnb density and rising rental prices, especially in central and gentrified areas, has been found.

5

Regulation of the short-term rental market should preserve its benefits while mitigating drawbacks, emphasising the need for tailored approaches over one-size-fits-all solutions to policy-making.

Introduction

Over the last decade, the Brussels Capital Region (BCR) has witnessed a dramatic transformation in tourism and urban living due to the explosive growth of shared short-term rentals. These platforms have introduced a surge of short-term rental properties, providing local residents with opportunities to capitalise on their properties and potentially diversify tourism to less frequented areas, benefiting local businesses. This evolution could offer tourists a broader range of accommodations and authentic local experiences, enhancing competitive pricing and accessibility to unique cultural encounters.

However, this rapid expansion has not come without its challenges. The Air-BRU research project delved into the complexities introduced by the peer-to-peer short-term rental market in the BCR, focusing on the emerging inequalities. The dominance of professional hosts owning multiple properties contributes to the depletion of long-term housing options, driving up housing costs and potentially undermining traditional hospitality sectors. Furthermore, issues such as increased noise and the risk of diminishing local character have raised concerns among residents. Addressing questions related to provider diversity, the uneven distribution of rentals, discrimination on rental platforms, and the gentrification effects, the project aimed to provide a nuanced understanding of the short-term rental market's impact on urban living and housing dynamics in Brussels.

Methods, approaches and results/body

In our study, we dissected the multifaceted world of short-term rental hosts in Brussels, using webscraped data from short-term rental platforms, categorising them into four distinct types: professionals operate like commercial entities with multiple listings and a high degree of service, akin to real estate firms; investors target higher returns of second homes through strategic property rentals; occasionals sporadically rent their homes; and sharers offer a room within their residence. Despite the pandemic, which led to a dramatic drop in demand, the market share of professional listings continued to rise, while that of sharers declined, and investors and occasional hosts remained stable.

Further investigation highlights the gentrifying impact of Airbnb in the BCR, showing a rise in rental prices linked to increased Airbnb density, particularly in central and gentrified areas. Our study also tackled the issue of discrimination on rental platforms, revealing persistent biases against certain ethnic groups, particularly from professional hosts.

Our research revealed a significant concentration of short-term rentals in central Brussels areas, particularly around tourist hotspots (Îlot Sacré), the European quarter, in Elsene and Sint-Gilles, aligning with trends observed in other global cities. This spatial distribution underscores the appeal of central locations for professional and investor hosts, while occasionals and sharers are more evenly spread, reflecting their differing operational scales and objectives. The study reveals additionally a strong correlation between host types and neighbourhood demographics; professionals and investors prefer areas with lower unemployment, whereas occasionals and sharers thrive in neighbourhoods reflecting diverse family structures and younger populations.

Conclusions

The study reveals that the short-term rental market presents both benefits and challenges. However, the rise of professional hosts with multiple listings can strain the local long-term housing market by reducing available housing and inflating prices. The extent of these pros and cons is closely tied to the profile of hosts, their geographic location, and the diversity of their listings. In the light of this, it is noteworthy that, since the COVID-19 pandemic, a noticeable shift towards professionalisation in the market has been observed, that weakens the advantages and strengthens the disadvantages.

Within Brussels, it was observed that areas with a high density of Airbnb listings experience elevated rental prices, highlighting the negative correlation between Airbnb presence and housing affordability. The complex relationship where the advantages and disadvantages of the short-term rental market are intertwined with the type of host and the geographic concentration of listings. Therefore, the varied effects across different neighbourhoods and type of hosts should be taken into account when policy recommendations are implemented, as a one size fits all approach is not a solution.

Policy recommendations

Each policy should start by mandating the registration of short-term rental listings. The registration of short-term rental listings forms the foundation for implementing subsequent policy measures within the framework of the new ‘Ordonnantie betreffende het toeristisch verblijf’, approved by the Brussels Parliament in the beginning of 2024. Specifically, Article 5 of the new ordinance dictates that the government defines the categories of tourist accommodation activities. For each category, including short-term rentals as discussed in this contribution, the region may impose operational conditions concerning service provisions, frequency of activity, equipment and furnishing, structure of the tourist accommodation establishment, specific safety and fire protection aspects, and the information provided to service recipients. In the context of Article 5 of the Ordinance, we propose the following evidence-based policy recommendations:

1. One Host, One Home - Limit hosts to offering only one property for short-term rental, verified at registration through legal documentation. By limiting multiple listings per host, it will be possible to directly influence the short-term market supply. The supply may potentially shrink or grow more slowly, thereby strengthening indirectly the relative position of smaller, non-professional hosts in the market. This policy enables occasionals and sharers to continue their practices and generate some additional income, while optimising the use of Brussels dwellings, even when residents are elsewhere. It also allows

investors to list their second residence, not used as a primary residence, for short-term rental.

2. Maximum Rental Periods - Implement maximum rental durations, varying by host type and location, to prevent properties from becoming investment vehicles. More specifically, it may be considered to apply this maximum rental period only to hosts of entire homes, and not to sharers, who only open part of their home for the short-term rental market. We refrain from commenting on the maximum rental period, as there is no scientific consensus on the ideal length and the consequences of different length periods. However, we highlight the need for flexibility, particularly around the European Institutions, to accommodate the unique circumstances of Brussels and its expatriate community that frequently leaves Brussels for extended periods.

3. Taxation - Considering the upcoming EU Council Directive 2021/514 (DAC7), we advocate for a tax agreement with short-term rental platforms in Brussels. This would substantially enhance tax compliance, and level the playing field with traditional hospitality businesses. Additionally, it makes the market more transparent, allowing guests of short-term rentals to have a better understanding of the total cost of their stays, and relieves hosts of the obligation and the struggle that comes with it, to calculate and collect taxes themselves, thus reducing their risk of being imposed a tax reassessment.

Policy recommendations

Moreover, tax agreements open up the possibility to introduce taxes with a steering effect on the market. For this, we suggest the introduction of a convex tax. This tax structure is designed to impose a higher financial burden on high-end units listed on platforms, effectively making it less profitable for owners of these properties to switch to short-term rentals. By targeting more expensive units, the convex tax aims to discourage the conversion of high-value properties into listings. This not only helps in preserving the availability of more affordable housing but also ensures that the additional income generated through platforms is not disproportionately skewed towards wealthier individuals. In essence, the convex tax redistributes the economic benefits of short-term rentals, reducing the incentive for wealthy property owners to monopolise the market, and thereby alleviating social inequality.

4. Avoid complete bans - We advise against a full ban on short-term rental listings, viewing it as a kind of nuclear option that could effectively restrict the short-term rental market. While it might serve as a useful tool to relieve neighbourhoods heavily impacted by short-term rental offerings, it also initiates a legal debate about unequal treatment between neighbourhoods. When applied at the Brussels' municipal level, to address the argument of unequal treatment, it could still be considered too radical and imprecise a measure: our results demonstrate significant differences within Brussels' municipalities regarding the concentration of short-term rental listings and their negative consequences, which is also

considered in the Ordinance. Furthermore, a ban would negate the positive effects of the short-term rental market, such as the additional income it generates for local residents, the stimulation it offers to Brussels' economy, and the potential positive effects it can bring to neighbourhoods with fewer traditional hospitality businesses, where the short-term market can specifically and disproportionately attract visitors. From this perspective, we see less merit in a full ban and prefer more specific measures that preserve the positive effects while addressing the negative consequences.

5. Combating discrimination - To tackle discrimination on the short-term rental market, we recommend the combination of three strategies. First, the government could encourage hosts to enable the Instant Booking function through information campaigns since this function has proven to be very effective in reducing digital discrimination. We do not recommend, however, that the Instant Booking function should be completely obliged, since it is sometimes considered to be crucial to communicate about mutual expectations and needs when booking a listing. Second, Brussels could oblige peer-to-peer platforms to automatically anonymise all names and pictures of hosts and guests during the initial booking phase, for all listings located in the BCR to tackle discrimination. Finally, if anonymising is not feasible, the housing inspection could extend their action radius to short-term rental listings to inspect the occurrence of discrimination.

Policy recommendations

We conclude with emphasising the importance of considering the implications of any Home Sharing measures on both the short-term rental and regular housing market in Brussels. In this note, we have therefore conscientiously evaluated the consequences of such measures through policy-evaluating research. It is precisely through such research that we can map out as much as possible the positive and negative effects of policy measures. Specifically for Brussels, we strongly advocate for any policy measures in the short-term rental market to be accompanied by further policy-evaluating research, ensuring a thorough understanding of policy consequences. This approach is vital not only for Brussels but also for informing broader debates elsewhere.

List of publications

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THE AUTHOR & PROJECT

Pieter-Paul VERHAEGHE is an Associate Professor of Sociology at BRISPO of the Vrije Universiteit Brussel (VUB). His research interests lie in the study of racism and social stratification. With a focus on racism, social mobility, inequality, and housing dynamics, he serves as the promotor of the Air-BRU project. E-mail: Pieter-Paul.Verhaeghe@vub.be

Sylvie GADEYNE is an Associate Professor of Sociology at BRISPO of the Vrije Universiteit Brussel (VUB). As a demographer, she is especially

involved in the study of social inequalities in mortality. She is the co-promotor of the Air-BRU project. E-mail: Sylvie.Gadeyne@vub.be

Petrus TE BRAAK is a postdoctoral research fellow at BRISPO, Vrije Universiteit Brussel (VUB), studying urban sociology with a particular emphasis on Brussels. He also has a keen interest in research methodologies, especially in citizen science. Petrus acts as the principal investigator of the Air-BRU project. E-mail: ptebraak@vub.be

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Prospective
research

Through the Prospective Research program, the Brussels-Capital Region is hoping to fund research projects from a dual perspective: to provide a solid regional prospective vision; to build solutions to

the specific challenges it will face in the years to come. The solutions proposed by the funded projects must take into account Brussels' urban complexity as well as the Region's environmental, social and economic transition objectives. The program targets researchers in human science as much as researchers in exact or applied science

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