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MASTERARBEIT / MASTER'S THESIS

Titel der Masterarbeit / Title of the Master's Thesis

Exploring how the Covid-19 pandemic has created new possibilities for a more just and sustainable Airbnb model:
A case study of Madrid's Central District

verfasst von / submitted by

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angestrebter akademischer Grad / in partial fulfilment of the requirements for the degree of
Master of Science (MSc)

Wien, 2021 / Vienna 2021

Studienkennzahl lt. Studienblatt /
degree programme code as it appears on
the student record sheet:

UA 066 664

Studienrichtung lt. Studienblatt /
degree programme as it appears on
the student record sheet:

Masterstudium DDP Urban Studies

Betreut von / Supervisor:

Dr. Daniel Sorando

ABSTRACT

This research paper aims to critically assess how the Covid-19 pandemic has created new possibilities for a more sustainable Airbnb model. Here, the Centro district of Madrid is chosen as a case study due to it being the most relevant case to study Airbnb in Europe, not because it has the highest number of Airbnb listings, but because it has one of the highest city centre concentrations in Europe (52%) (Caccese, 2018). This research paper begins to problematize the Airbnb phenomenon, by drawing upon its negative associated externalities as well as its structural embeddedness into the capitalist economy. Next, the development of regulation vis-a-vis the workings of financial and real estate capitalism via the Airbnb platform, is critically reviewed during the pre-Covid Airbnb situation. Thus, a comprehensive understanding regarding the activity and consequences of Airbnb is realised. Furthermore, since the Covid-19 pandemic significantly halted the expansion of Airbnb, several trends are unfolding as a consequence. These trends are analysed in terms of the potential for developing more sustainable Airbnb practices. The paper concludes, that Airbnb is expected to continue expanding after Covid-19, and that, although several trends do point towards a more sustainable shift, its full realisation will ultimately depend upon the support of Madrid's political actors and institutions, as well as the European Union's ability to enforce policy.

GERMAN ABSTRACT

Dieses Forschungspapier zielt darauf ab, kritisch zu bewerten, wie die Covid-19-Pandemie neue Möglichkeiten für ein nachhaltigeres Airbnb-Modell geschaffen hat. Hier wird der Stadtteil Centro von Madrid als Fallstudie ausgewählt, weil er der relevanteste Fall für die Untersuchung von Airbnb in Europa ist, nicht weil er die höchste Anzahl an Airbnb-Inseraten hat, sondern weil er eine der höchsten Konzentrationen im Stadtzentrum in Europa hat (52 %) (Caccese, 2018). Dieses Forschungspapier beginnt, das Airbnb-Phänomen zu problematisieren, indem es auf seine negativen externen Effekte sowie seine strukturelle Einbettung in die kapitalistische Wirtschaft zurückgreift. Als nächstes wird die Entwicklung der Regulierung in Bezug auf die Funktionsweise des Finanz- und Immobilienkapitalismus über die Airbnb-Plattform während der Airbnb-Situation vor Covid kritisch überprüft. Somit wird ein umfassendes Verständnis über die Aktualität und Konsequenzen von Airbnb realisiert. Da die Covid-19-Pandemie die Expansion von Airbnb deutlich zum Stillstand gebracht hat, entwickeln sich darüber hinaus mehrere Trends. Diese Trends werden im Hinblick auf das Potenzial für die Entwicklung nachhaltigerer Airbnb-Praktiken analysiert. Das Papier kommt zu dem Schluss, dass Airbnb voraussichtlich nach Covid-19 weiter expandieren wird und dass, obwohl mehrere Trends auf eine stärkere Verschiebung hindeuten, seine vollständige Verwirklichung letztendlich von der Unterstützung der politischen Akteure und Institutionen Madrids sowie der Fähigkeit der Europäischen Union, die Politik durchzusetzen.

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Declaration

I, Dillon Martin (9609205168080), declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where states otherwise by reference or acknowledgement, the work presented is entirely my own.

Signed

Date:

A handwritten signature in black ink, appearing to read 'Dillon Martin', written over a horizontal line.

2021/05/26

Acknowledgements

I would first like to thank my research advisor Dr. Daniel Sorando from the Department of Applied Sociology at the Universidad Complutense de Madrid.

Dr. Daniel Sorando was always available whenever I needed guidance. He consistently allowed this research report to be my own work, but steered me in the right direction whenever it was needed.

I would also like to thank all those respondents for sharing their story with me. Without them, there would have been no content to my thesis.

Finally, I must express my very profound gratitude to my parents and to my girlfriend Marta Lekue for providing me with unfailing support and continuous encouragement throughout the two-year Master's as well in the process of researching and writing this text. You were my support, encouragement, Spanish-to-English translator, motivator and last but not least, my academic critic.

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Acronyms, abbreviations and concepts

- **Airbnb:** Put simply, Airbnb is an online marketplace that connects people who want to rent out their homes with people who are looking for accommodations in that locale.
- **CNMC (Comisión Nacional de los Mercados y la Competencia):** '*Spain's National Commission on Markets and Competition*' is a Spanish independent competition regulator responsible for enforcing competition law.
- **DSA (Digital Service Act):** a legislative proposal by the European Commission submitted to the European Parliament and the European Council on 15 December 2020, which includes rules for online intermediary services.
- **Fairbnb:** a non-extractive alternative 'cooperative accommodation booking platform' to the current vacation rental platforms.
- **FRAVM (Federación Regional de Asociaciones de Vecinos de Madrid):** '*Regional Federation of Neighbourhood Associations of Madrid*' is a non-profit organization that groups together most of the neighbourhood entities of the Madrid autonomous community.
- **LAU (Ley de Arrendamientos Urbanos):** The '*Spanish Urban Lease Law*' gives an overview of the urban rental law in Spain.
- **PEH (Plan Especial de Hospedaje):** This 'Special Hosting Plan' was implemented in 2019 and establishes new conditions for the implementation of the use of accommodation in buildings for residential use based on four parameters: the level of permitted uses, the level of protection of the building, the use implemented and the area where the building is located.
- **Platform capitalism:** The digital age of capitalism, where profits are extracted from consumers through technological intermediaries i.e. platforms (not to be confused with the 'sharing economy').
- **Primitive accumulation:** A Marxian theory by how class distinctions between the 'haves' and the 'have-nots' came to be. Originally conceived by Marx as the forceful occupation of land by expelling a residential population to create a landless society, in which land is then released into the private sphere of capital accumulation.
- **Sharing economy:** a peer-to-peer activity of acquiring, providing, or sharing access to goods and services often facilitated by an on-line platform.
- **Spatial fix:** refers to the geographical expansion of capital to resolve problems of over-accumulation. It is in part achieved through fixing investments into physical space (e.g. buildings), to create an entirely new landscape for capital accumulation.
- **Sustainability:** Here sustainability refers to both economic, environmental and social sustainability (often referred to as the three pillars of sustainability). Firstly, economic

sustainability refers to practices that support long-term economic exchanges without negatively impacting social, environmental and community aspects. Secondly, social sustainability refers to process promoting well-being for a community. Lastly, environmental sustainability refers to behaviors that do not compromise future generations of natural resources to maintain an equal quality of life.

- **TSJM (Tribunal Superior de Justicia de Madrid):** The '*Superior Court of Justice*' is the highest body of the judiciary in the autonomous communities of Spain.
- **UNWTO (United Nations World Trade Organisation):** The United Nations specialized agency entrusted with the promotion of responsible, sustainable and universally accessible tourism.

SECTION 1: INTRODUCTION

As we progress further into the Fourth Industrial Revolution, we have witnessed how digital technologies have transformed industries around the world, including sectors such as real estate, tourism, agriculture, transport, etc., ultimately changing the way we live, work and play. One of the biggest emerges from this revolution has been the '*sharing economy*' – a new way of organising economic activity based on sharing access to goods and services via an online market place. One of the forerunners of this sharing economy has been Airbnb – also known as the 'posterchild' of the hotel industry (or public enemy no.1). In a decade Airbnb grew into one of the most litigious start-ups in Silicon Valley. In 2019, the \$31 Billion enterprise contained over four million listings in 65,000 cities across 191 countries and has been registered as the single biggest '*hotel company*' in the world.

Several authors such as Batinic (2013), Hughes & Moscardo (2019), and Madhukar & Sharma (2019) have emphasized many of the challenges and opportunities these digital technologies present to the tourism industry (Krouk & Almeida, 2020). However, one of the biggest challenges with this new economic player is that while the referee was still tying her shoelaces, Airbnb was busy changing the rules of the game. In other words, Airbnb started to fill the voids left unprotected by regulation, as it entered residential neighbourhoods, turning homes into listings and residents into hosts. The 'home' – a place usually considered to be a shelter and escape from the intrusiveness of the world, has now succumbed under the pervasive forces of commodification. As a result, the concept of '*home*' in the 21st century has adopted a more amorphous character, blurring the lines between private life (use-value) and the market (exchange-value) (Boland et al., 2020). However, the extension of the home beyond its residential functions is not something new. The alteration of residential space towards an economic orientation has been witnessed most notably through examples such as neighbourhood hairdressers, offices for small companies, afterschool academic classes, etc. (Muniz, 2020). However, what makes Airbnb different, is first, that the economic functionality of the home no longer ends at a defined built space within the home, but rather, it is the entire home itself that has become the commodity, and second, the global scale at which this is occurring (Cheng, 2017).

Thus, Airbnb's success story quickly became a nightmare for others. In less than half a decade after Airbnb's inception (in 2008), it mutated into a profit-driven business for real estate speculation (Muniz, 2020). As a result, homeowners began driving out local residents in favour of the higher returns associated with short-term tourist rentals. The reality is that Airbnb, under the alleged '*sharing economy*' has become an economy of predation, as neighbourhoods are turned into markets (Muniz, 2020). With no measures to curb Airbnbs expansion, it quickly dominated the housing market. However, when Airbnb was expecting tourists at their door in early 2020, the Covid-19 pandemic came knocking instead. Thus, due to the recent nature of the Covid-19 pandemic, several research gaps remain, at the time of writing, un-explored.

Thus, this research paper aims to critically assess how the Covid-19 pandemic has created new possibilities for a more sustainable Airbnb model. Here, the Centro district of Madrid is chosen as a case study due to it being the most relevant case to study Airbnb in Europe, not because it has the highest

number of Airbnb listings, but because it has one of the highest city centre concentrations in Europe (52%) (Caccese, 2018). Thus, this research paper begins by problematizing the Airbnb phenomenon. Firstly, the 'Airbnb' and 'sharing economy' rhetoric is unpacked in an attempt to clear the semantic and conceptual ambiguity that often limits the space for rational debate about alternative policy options (Codagnone, Biagi & Abadie, 2016). Secondly, the business model of Airbnb is critically analysed according to its structural embeddedness into the political-economic landscape of Marxism, a perspective largely absent within academia. This is vital as it directly affects how society aims to deal with the Airbnb phenomenon politically. Applied to the Madrid case, Airbnb is shown to be tightly interwoven into the Spanish economy, and arguably supported by it. Thirdly, an investigation into the impacts and consequences of Airbnb, coupled with fourthly, a policy discourse analysis regarding the regulatory measures meant to address these externalities, evinces how the relationship between these two factors have developed from Airbnb's inception in Madrid (around 2012) until pre-Covid-19 in early 2020. Lastly, since the Covid-19 pandemic put a significant halt on Airbnb's expansion, the current social, political and economic trends currently unfolding are critical in determining the extent to which it represents a shift towards a more sustainable Airbnb model. Thus, several trends are analysed in terms of their potential to mitigate the current externalities of Airbnb in central Madrid, and facilitate more social-economic sustainable practices.

SECTION 2: THEORETICAL BACKGROUND

Understanding the significance, the Covid-19 pandemic has had on the uncontrolled expansion of Airbnb in city centres, is essential for cities that have been battling with the externalities and regulation of Airbnb over the past couple of years. Thus, the theoretical underpinnings of this paper seeks to navigate the academic discourse that problematizes the Airbnb phenomenon, its impacts, and regulatory difficulties. It then goes on to analyse the changing dynamics of Airbnb and the housing market in light of the Coronavirus pandemic. Thus, this theoretical overview aims to provide a structural basis for the following research.

2.1 A wolf wrapped in sheep's clothing

“The sharing sector of the conventional economy built on venture capital and exploited labour is a multibillion-dollar business, while the idea of a real sharing economy based on co-operatives, worker solidarity and democratic governance remains too much of an after-thought”

– Nathan Schneider (2014)

As mentioned before, Airbnb has been heralded as one of the biggest proponents of the sharing economy - a term that has become popular over the past decade, without much agreement on what it denotes. Loosely defined, the sharing economy is an economic system in which assets and services are shared (through an online platform) between strangers all over the world (Hamari et al, 2016). Now, of course sharing is nothing new, in fact, sharing has probably been the most basic form of economic distribution dating back to our hominid ancestors several hundred thousand years ago (Belk, 2010). Rather, what is new about the 21st century 'sharing economy', is the scale at which these exchanges can now take place – thanks to the rise in digital technologies. For centuries, economists have argued about how to best allocate finite resources among an infinite number of needs and desires. Since the 'sharing economy' is based upon 'access' rather than 'ownership', it presents not just a convenient model for ensuring that resources are used efficiently, but also an economy based on sustainability (Oliver, 2013). Here, it is important to assess whether we have really entered a new economic paradigm, or merely capitalism's latest trick to survive. Here it will be argued that although true 'sharing economy' practices do exist, Airbnb represents a case where the latter is most prominently reflected. Such is the importance of acknowledging that language can be misleading, “while remaining curiously transparent or invisible even to the people that use [them]” (Breeze, 2011: 497). In this way they naturalise and conceal certain aspects of reality (Barrado-Timón & Hidalgo-Giralt, 2019).

According to Martin et al. (2015: 240), organisations of the 'sharing economy', often become more commercially orientated as time progresses. The same idea is found in Schor (2014: 11) where she refers the progressive disappearance of 'early-stage goodwill' in big platforms. As can be seen today, Airbnb is not excluded from this narrative, as it operates under a radically different philosophy than its original ethos. In other words, what began, in 2008, as a way to rent out 'excess' space, has morphed into a

predatory practice - where buy-to-let investment is fuelled by transnational capital, at the expense of local residents (Bugalski, 2020).

In this sense, Airbnb is a wolf wrapped in sheep's clothing (Shor, 2014) because as Belk (2014) stated, "many of these apparent cases of sharing are better characterized as pseudo-sharing – commodity exchanges wrapped in a vocabulary of sharing". Similarly, Slee (2017) criticises the 'sharing economy' for its misleading discourse on sharing, trust and community, ultimately hiding a darker reality. This is because the 'sharing economy' is very heterogeneous, its usage commonly covers a wide spectrum of profit and non-profit initiatives. For example, under the umbrella term of the 'sharing economy' is Airbnb (online rental marketplace), CouchSurfing (free home sharing), Guest2Guest (house exchange), and ComopolitHome (free 'night swapping'), along with many others. But there is one serious difference between Airbnb and these other accommodation platforms - capital exchange. Couchsurfing, Guest2Guest and ComopolitHome facilitate free exchanges, whereas, on Airbnb, there is a service fee for both guests and hosts once a reservation is made. This difference begs the question of what is really meant by 'sharing' in the 'sharing economy'. According to Benkler (2004: 717) sharing is a "non-reciprocal pro-social behaviour". Thus, "when sharing is market-mediated, it is not sharing at all" (Eckhardt & Bardhi, 2015). Helping one another out by sharing resources is one thing, but commodifying these resources by charging a fee is a completely different thing (Drahokoupil & Fabo, 2016).

Thus, it can be clearly seen that Airbnb's position within the 'sharing economy' is only an abuse of vocabulary for what is truly a highly commercialised model. Airbnb is more realistically a rental intermediary or at the very least, a commodified version of the 'sharing economy'. It is a capitalistic enterprise and should be treated as such. However, gaining conceptual clarity regarding the business model of Airbnb is only the first step. The next step is to further problematize the mechanisms through which Airbnb activities are facilitated.

2.2 Sharing Economy or Platform Capitalism?

"We can learn a lot about [Airbnb] by taking them to be economic actors within a capitalist mode of production (...) where this capitalism demands that firms constantly seek out avenues for profit, new markets, new commodities and new means of exploitation."

- Nick Srnicek (2017: 3)

Academic debates regarding Airbnb usually address the conflictual relationship between businesses within the 'sharing economy', regulation, as well as the rise of flexible and precarious work environments, but rarely seem to address the structural embeddedness of these platforms within the political economy. This is a vital aspect, as the position of Airbnb within the political economy directly affects how society aims to deal with it politically (Fairweather, 2017). Thus, this chapter seeks to expand the literature on this issue through a Marxist lens, whereby Airbnb is viewed as an extension of the neoliberal economic regime.

Karl Marx contended that primitive accumulation was a 'historical process of divorcing the producer from the means of production' (Marx, 1967) - a process by which large parts of the population were violently divorced from their traditional means of self-sufficiency i.e. agricultural land. Such was the birth of capitalism – whereby “landlords grant themselves the people’s land as private property” (Yifeng, 2008). As such, the land’s ‘use-value’ is transformed into ‘exchange-value’ in the capitalist mode of production. This point is well elaborated by Jason Read, who argues that ‘primitive accumulation’ not only refers to pre-capitalistic conditions, but now extends into new spheres of life that were, as Fredric Jameson puts it *‘hitherto sheltered from [the market] and indeed for the most part hostile to and inconsistent with its logic’* (Jameson, 1996). Additionally, Rosa Luxemburg (2003: 337) built upon this idea by calling attention to the need to investigate the extent to which capital crosses over into the non-capitalistic sphere. Similarly, Harvey’s redeployment of Marx’s term ‘primitive accumulation’ allows for a more in-depth understanding regarding how its reapplication can be transferred to different contexts other than those referred to by Marx. Thus, it provides new insight into how online platforms such as Airbnb appropriate new spaces under the logic of capitalism. Related to this idea is capitalism’s inherent crisis of over-accumulation i.e. the point at which capital no longer produces satisfactory returns. Thus, in order to survive, it needs to find a solution to its over-accumulation crisis (Harvey, 2001). It does this by searching for, what Harvey calls, the ‘spatial fix’. By spatial fix, he means the ability of space to ‘absorb surplus capital’. The crucial point is that Airbnb as a ‘spatial fix’ is achieved through its ability to open up a ‘new economic potential’ within previously un-commodified spaces i.e. residential neighbourhoods (Lobel, 2016: 1, 9). Against this background, the ‘spatial fix’ as a solution to the problem of over-accumulation, demonstrates how the commodification of the housing is tightly linked to the Airbnb business model (Cócola-Gant, 2018). Thus, the limitless expansion of capital and the colonization of previously non-commodified spheres sparks the current stage in our evolutionary cycle as we evolve from ‘homo-sapiens’ to ‘homo-economicus’ (Berrocal, 2020) where homes and residents, is now considered listings and hosts, and what was once considered an spare room, is now considered as ‘lost profit’.

However, this argument would be limited without addressing the macro-economic forces playing in favour of Airbnb’s global expansion. Thus, it is important to understand the role of the neoliberal city paradigm. Neoliberalism is often understood as that which insists on the reduction or withdrawal of the State. However, nothing is further from the truth. When we can speak of “de-statalization” it is not so much that we are seeing a disappearance of the State, but rather what we are witnessing is institutional restructuring oriented in a way that favours international capital (Berrocal, 2020). With the opening of national borders to highly mobile transnational capital, cities responded by drafting policies aimed at becoming attractive for direct investment in the physical environment. This is arguable one of the defining, strategies and/or practices signifying the shift to neoliberalism. With the freedom of capital mobility, competition for offering the best conditions of capital accumulation becomes the supreme regulator of the international ‘game-board’ (Berrocal, 2020). States thus submit to the demands of economic freedom by suppressing regulation, allowing Airbnb to operate in spaces it would otherwise have been banned (Formenti, 2019). It is thus no surprise that Airbnb took advantage of these conditions. After all, this is a common feature among digital platforms, whose embeddedness into the global neoliberal landscape benefits from a largely unregulated terrain (Samson, 2019). Ultimately, the result has been a radical

commodification of housing, where 'exchange-value' over 'use-value' has come at huge costs to local residents.

2.3 Airbnb: The Good, the Bad, the Ugly

"In the case of holiday rentals, landlords and investors convert entire properties into tourist accommodation and in the process, residents are forced to move out"

- Agustin Cocola-Gant (2018: 200)

The following section brings the externalities of Airbnb under scrutiny. Firstly, acknowledging that Airbnb is itself not a cause for concern, but rather the activity the platform facilitates. Moreover, understanding the externalities of Airbnb, first necessitates an understanding of the type of actors driving the expansion of Airbnb. Next, the processes and impacts of gentrification are explained in a way that provides insight regarding the specific problems of Airbnb activity. Lastly, some arguments in favour of Airbnb are critically reviewed, in order to escape a narrowed one-sided perspective.

Types of hosts

According to Gil & Sequera (2018), hosts can be grouped into four categories: 'occasional hosts', 'constant hosts', 'professional hosts' and 'investor hosts'. *Occasional hosts* rent out their primary property on a part-time basis. Their aim is only to make extra money when his/her primary property is not being used. *Constant hosts* rent out their property on a full-time basis, usually, but not always, their secondary residence. It's important to note that the type of listing (entire apartment or room(s)) is used as a determinant factor regarding whether housing is extracted from the residential market or not. When one rents out either the entire apartment or room in his/her primary residence, the model is not extractive as housing is not removed from the local housing stock that otherwise would have been available had it not been listed on Airbnb. However, those hosts who do not rent out entire apartments, other than their primary residence, do remove local housing stock from the residential market that otherwise would have been available to locals had the property not been listed on Airbnb (Gil & Sequera, 2018). This is most common among professional and investor hosts. *Professional hosts* usually manage between 3 and 20 Airbnb apartments, while *Investor hosts* usually manage more than 20 Airbnb apartments (in some cases up to 200). Although, majority of the time, it is not individuals behind these listings, but international real estate investment companies (Caccese, 2018).

Gentrification and displacement

Several factors inherent within the Airbnb business model are said to encourage this 'professionalization' of Airbnb activity. According to Fields (2019), this is because the rise of digital technologies in real estate has enabled a more efficient and flexible management of property portfolios. For example, because Airbnb apartments are rented out to tourists on a short-term basis, landlords can more readily sell their property at will, while the high turnover of "tenants" allows landlords the ability to regularly speculate with rental prices (Cocola-Gant, 2020). This provides global investors with a clear advantage for asset management, not to mention the fact that the short-term tourist rental market is a more profitable

business than its traditional long-term letting counterpart. Thus, put simply, landlords simply view the traditional rental market as 'too rigid' and less profitable. Furthermore, this enhancement of market efficiency has rendered distant locals increasingly accessible to owners with real estate capital (Poulimenakos & Dalakoglou, 2018). In this way, Airbnb is speeding up the globalization of real estate by incorporating local housing stock into the circulation of national and international capital flows (Rogers, 2017). Here, the economic playing ground for residential neighbourhoods are globally scaled, where rents are set by global rather than local standards. Several authors have already documented this trend, arguing that transnational drivers are fuelling gentrification (Wachsmuth & Weisler, 2018). In fact, Aalbers (2018) considers the emergence of Airbnb as the fifth wave of gentrification, while Mendes (2016) refers to it as the new urban frontier of gentrification, and Cocola-Gant (2016) as the "new battlefield". According to Cocola-Gant (2018: 200), "In the case of holiday rentals, landlords and investors convert entire properties into tourist accommodation and in the process, residents are forced to move out". Thus, it is clear that specific types of hosts (professional and investor hosts) have nothing to do with the collaborative model, and are often the main proponents of locking locals out of the residential market, rising rent and thus causing massive waves of displacement. For example, in 2017, Parisian officials found that 20,000 rental properties had disappeared from the housing market, whereas in Barcelona, researchers found that Airbnb had increased rents by as much as 7% (Landy, 2021), leading to massive problems related to gentrification.

How these gentrifications trends occur is through the opening up of what Smith (1979) labels the 'rent gap'. Smith proposed the rent gap model to provide a structural explanation for why gentrification occurs. The basic idea here is that when the 'gap' between ground rent (current value of the property) and potential rent (potential value of the property) increases enough, it incentivises capital flow into real estate as a new form of investment flow or '*spatial fix*'. These investments inevitably drive up housing prices, and attract more affluent people into the neighbourhood, thereby displacing the existing poorer residents. However, this phenomenon usually occurs through the devaluation of neighbourhood districts i.e. the 'rent gap' is created by the lowering of the ground rent. However, with Airbnb, little to no devalorization is required, as the conversion of residential to tourism accommodation is already associated with higher returns. This introduces a new dynamic to Smith's rent gap model, whereby Airbnb facilitates gentrification without the need for redevelopment. Therefore, the only necessary step for many Airbnb entrepreneurs is to get rid of the existing tenant. Furthermore, Airbnbs concentrate in neighbourhoods with aesthetic beauty, good proximity to places of interest and possess extensive touristic appeal i.e. city centres (Wachsmuth & Weisler, 2018). Thus, not only does Airbnb accelerate gentrification, but it facilitates it in a geographically uneven way, displacing locals during the process.

Marcuse (1985) notes two ways in which this displacement occurs. Firstly, 'direct displacement', usually through evictions, and secondly, 'exclusionary displacement', often linked to housing unavailability or unaffordability where "a household [is] excluded from living where it would otherwise have lived" (Marcuse, 1985: 206). This phenomenon occurs largely because Airbnb does not depend upon the construction of new housing stock, but rather on the conversion of already existing local housing stock to touristic use. Thus, according to Hajibaba & Dolnicar (2017), a reduction in housing stock perpetuating a

disproportionate relationship between local housing demand and supply. As a result, prices for the remaining supply increase due to excess demand. Additionally, when the economic potential of residential urban space increases, the overall equilibrium market price also increases (Hajibaba & Dolnicar, 2017). Lastly, another less prominent feature of displacement refers to 'voluntary displacement'. Although this concept appears to be contradictory, it refers to the 'voluntary' movement of locals out of a neighbourhood due to the effects of over-tourism – a problem perpetuated by Airbnb where tourists are brought into residential building blocks (Hajibaba & Dolnicar, 2017). Thus, to a large extent, the essence of why Airbnb is such a problem is Airbnb attempts to combine the tourism industry with the residential market – two already contentious issues among cities.

Assessing the positive aspects

On the other hand, the positive aspects of Airbnb cannot be overlooked if this debate is to adhere to any form of academic objectivity. Often regulatory approaches aim to embrace the positive aspects of Airbnb, while trying to limit its externalities. It is without a doubt that Airbnb has created massive revenue for economies all over the world. Thus, the argument unfolded does not aim to argue for the abolition of Airbnb (Vazquez, 2019), but rather serves to cast doubt on the weight of the economic benefits, and thus allow for a more realistic discussion to revolve around the social and economic trade-offs that regulators are making.

Firstly, Airbnb is often praised for its ability to supplement the income of middle-class families. Although it is true that Airbnb provides the opportunity for middle-income families to earn extra income, it is precisely this conception of housing as a financial asset that has made the housing market so expensive in the first place (Theom, 2015). Additionally, Gill & Sequera (2018) have observed how in 2018, 95.7% of Madrid's two and a half million nights booked on Airbnb were with 'Professional' and 'Investor' hosts. Thus, since middle-class families usually do not fall under these categories, they constitute less than 5% of Airbnb bookings and therefore, are obviously not the main beneficiaries of Airbnb. Secondly, Airbnb is often heralded as a cheaper accommodation alternative. This is largely true - Airbnb is essentially a positive supply shock to short-term accommodation offers, and like any other supply shock, it is expected to drive down prices. However, this is not always the case. A study done by Bank of America found that Airbnb's are more expensive on average than hotels, across the top 25 US markets. Thus, although this cannot be true for all cities, it does cast doubt on the assumption that Airbnb is always the cheaper option (Bivens, 2019). Thirdly, Airbnb is praised for its ability to boost tourism and helps to facilitate local spending. This is true, but the extent to which it is true is implausible. The greater range of options made available by Airbnb does facilitate local spending, and thus sparks economic growth in destination cities. However, it is a false assumption that all the spending done by Airbnb users is spending that would have not been spent had Airbnb not existed (Bivens, 2019). Many other forms of tourist accommodation also facilitated local spending. Fourthly, Airbnb claims to create jobs. A report by Airbnb (Airbnb, 2015) found that in Madrid, Airbnb generated some €323 million and 5,130 jobs. However, this is again under the assumption that these jobs would not have been substituted by an alternative accommodation. In fact, when comparing Airbnb to hotels, it is found that because hotels are more labour-intensive than Airbnbs, each euro spent on Airbnb is likely to support less employment than each euro spent on traditional hotels

(Bivens, 2019). Lastly, for local municipalities, perhaps the single biggest consideration of Airbnb regulation is fiscal. Often, strong regulation on Airbnb is not implemented due to its tax incentives. However, besides the fact that the tax treatment of Airbnb is inconsistent and incomplete, many tax experts argue that Airbnb's own attempts to collect taxes have been insufficient (Page, 2020).

Thus, with a renewed perspective on the positive and negative externalities of Airbnb, a critical lens can be given to the roles, necessities and impacts of the Airbnb regulations meant to address them.

2.4 Airbnb vs Cities: The Regulatory arena pre-Covid-19

"The best way to predict your future is to create it"

– Abraham Lincoln

Airbnb has been studied extensively over the past decade, but the field of study most demanding from academia, local governments and policymakers around the world, is how to regulate it. Most local governments in Europe prefer regulation over outright prohibition, mostly due to the economic potential of Airbnb. However, since the impacts of Airbnb differ according to factors such as city size, the extent of tourism, number of Airbnb listings, etc., different local governments have adopted different approaches to regulation (Nieuland & Melik, 2018). The difficulty arises from the fact that in traditional circumstances, tourist rental accommodations, such as hotels, could be restricted from developing in residential zones through zoning mechanisms. However, Airbnb apartments, having bypassed traditional housing regulations, are already located within residential areas (Wachsmuth & Weisler, 2018). Thus, a regulatory war with Airbnb began as cities struggled to stem the tide of Airbnb. Several scholars have identified four different types of restrictive measures, namely, *quantitative restrictions*: limiting the number of accommodation units, such as in Valencia (Nieuwland & van Melik, 2018), as well as limiting the number of days and Airbnb can be rented a year such as in London; *qualitative restrictions*: limiting the type of accommodation listed e.g. room or full apartment as in New York and Paris (Crommelin et al., 2018), *density restrictions*: limiting the number of Airbnbs within a certain neighbourhood such as in Bilbao, and finally, *location restrictions*: confining Airbnb to specific locations such as in Barcelona and Amsterdam. However, the only thing that was clear was that cities were far from figuring out how to handle this new player in the tourism industry (Nieuwland & Melik, 2018).

Additionally, another factor adding to the complexity of regulation is its inability to work independently from the political-economic climate. Thus, the regulatory road is often a bumpy one, where conflicts of interest and hegemonic power relations present significant barriers to legitimate regulation, especially when certain powerful stakeholders benefit from the status quo – especially when that powerful actor is Airbnb itself. According to Interian (2016: 160), "the depletion of long-term permanent housing caused by Airbnb is unlikely to be addressed by deregulation or a framework self-regulated by Airbnb" (Slee, 2015: 42). Because when problems stemming from Airbnb occur, the platform offers little to no cooperation if it works against their economic or monopoly interests (Interian, 2016). Evidence for this can be seen by how one former member of Airbnb described the tension between crafting regulatory solutions that benefited local communities and those that boosted Airbnb's bottom line. "The company has a really hard

time being frank about those regulatory frictions,” she says. And when conflicts with regulators got too bad, Airbnb went to court (Landy, 2021).

Thus, Airbnb’s lobbying power and willingness to fight regulatory battles in court rooms across the world, have prevented cities from adequately enforcing any serious regulation. According to a recent Bloomberg Law analysis, Airbnb has sued American cities and state governments more than 11 times since 2008. Interestingly, in nine of those lawsuits, the company has claimed immunity from regulation under Section 230 of the Communications Decency Act, which states that users, not digital platforms, are responsible for the content they publish (Landy, 2021). A similar occurrence happened in Europe. In a joint letter, ten cities (Amsterdam, Berlin, Bordeaux, Krakow, Paris, Vienna, Valencia, Barcelona, Munich and Brussels) asked the EU for help to fight Airbnb’s expansion. Ironically, Airbnb also turned to the EU for protection, while allying with the EU institutional complex, the European Commission and the European Court of Justice (ECJ) in their legal battles against cities (Vidal, 2020). This was a decisive move by Airbnb, as the European Commission promoted market liberalisation for e-commerce, hailing its economic added value. This was made clear when Lucia Caudet, then European Commission Spokesperson stated that: ‘For us, this economy is positive, it is an opportunity for consumers, entrepreneurs, unemployed people and even professional players. It is an innovation we need.’ Thus, during the European Court of Justice case, it was discussed whether Airbnb should fall under the e-Commerce Directive 2000/31/CE, or not. In other words, since the protective shield around Airbnb’s regulation relied upon the contested issue of whether Airbnb should be considered only an “*information society service*” or whether it should be considered a ‘*real estate agent*’ liable to national regulations’. Unlike in a previous case concerning Uber, which was eventually labelled a taxi service, the verdict reached at the end of December 2019, verified that under EU law, Airbnb should be considered only as a ‘*digital information provider*’ – as, according to the European Court of Justice, it “does not exercise control over the essential procedures of the provision of those services”. With this status, Airbnb was granted access to operate freely across the bloc, largely unregulated (Henley, 2019), without the prior authorisation of national government. Additionally, the European Commission prohibited member states from limiting the activity of collaborative economy services, while also preventing national legislation from making policies that are ‘too restrictive’. For example, in the “European Agenda for the collaborative economy” in 2017, the EU parliament resolution stated that the “tourism sector home-sharing represents an excellent use of resources”, and thus, “condemns, in this regard, the regulations being imposed by some public authorities, which seek to restrict the supply of tourist accommodation via the collaborative economy” (Vidal, 2020) Thus, with the autonomy of cities to regulate themselves as they please being prohibited, as well as with the task of settling the ‘rules of the game’ for the platform economies, falling to the Court of Justice of the European Union (CJEU), the path was paved for Airbnb’s continued expansion.

Such is the difficulty with politics of scale, where city authorities fear that the EU’s attempts to promote e-commerce and the sharing economy across the bloc is impeding their efforts to ensure affordable and available housing for their citizens. Thus, not only are local regulations restricted under EU legislation, but existing EU legislation (E-Commerce Directive) are enabling Airbnb to avoid sharing data with municipal authorities, as well as facilitating the lack of responsibility from Airbnb to be liable for illegal activity on

their platforms (Vidal, 2020). Local government officials have always been able to regulate local activity through planning and housing rules (Stucklin, 2019). However, this does not seem to be the case when it comes to internet giants such as Airbnb (Henley, 2019). For this reason, regulatory forces have continued to fail in their efforts to effectively regulate the Airbnb industry. So far the only force that has been capable of putting a stop to Airbnb's continued expansion has been the Corona-virus. Thus, with the tourist numbers down, and Airbnb on the back foot, a significant opportunity has presented itself to 'build-back-better'. Thus, how city and EU legislation for the collaborative economy evolves over this time will be vital in both mitigating the effects of Airbnb, as well as determining the future of Airbnb in cities.

2.5 Coping and Crashing during Covid-19

"A virus is a biological phenomenon, but it is being governed by social and political processes"

- Roger Keil (Muldoon, 2020).

Pandemics are not a new threat to international tourism. In the past, we have seen the outbreak of diseases like SARS (2002-2004), MERS (2012-current), Ebola (2013-2016) and Zika (2015-2016) devastating global tourism while incurring significant economic losses (Kuo et al., 2008). But never before has a pandemic shocked the global tourism and hospitality industries to the extent Covid-19 has. Initially detected in Wuhan, China in early December 2019 (Yang et al., 2020), the virus spread so rapidly, that by May 2020, there were over 3.85 million reported positive cases, and over 270 000 recorded deaths worldwide (WHO, 2020). Travel restrictions led to a 97% decrease in international arrivals in April 2020, directly affecting Airbnb (Coupechoux & Clark-Foulquier, 2020). Thus, in just two months, Airbnb witnessed a value depreciation from \$31 billion in March 2020 to \$18 billion in May 2020. As a result, in response to the pandemic, several factors are currently changing the industry's future. To analyse this, firstly, the changing behaviours of Airbnb users and hosts are investigated, as they play an important role in determining the future of Airbnb. Secondly, in light of the pandemic, the changing regulatory ground affecting Airbnb is also discussed, as well as the changes Airbnb is making to its own business strategy. Lastly, all these aspects are assessed in their ability to provoke sustainable change, as well as mitigate the negative externalities of Airbnb – as discussed above.

For almost a decade, Airbnb has facilitated the movement of transnational capital into residential neighbourhoods, contributing to the dwindling supply and rising cost of traditional long-term housing. However, because tourism itself also drives gentrification, hard evidence to verify the specific impacts of Airbnb has proven tough. However, with the Covid-19 pandemic bringing tourism to a halt, these effects can be studied in a new light. According to Berardi (2020), "It took a virus to expose the contradictions of the neoliberal policies of Airbnb". Similarly, Harrison writes "COVID has exposed this obvious underbelly of the housing crisis" (Lexell, 2020). For years leading up to the pandemic, experts have warned against the relationship between Airbnb and rising city rents – a trend usually denied by Airbnb (Airbnb, 2019). However, the sudden drop in tourism provided an ideal situation in which to examine the impacts of Airbnb.

Changes in Airbnb host behaviours

“It is not the end of the world for people who were renting out spare bedrooms ... However, for the more aggressive speculators... this can be a financial ruin”

- David Wachsmuth (Bernardi, 2020).

Major cities around the world have experienced a reduction in rental prices. For example, in Lisbon and Madrid, rental prices dropped 10% and 8% respectively since the pandemic. (Minder & Abdul, 2020). One of the biggest contributing factors to this has been because Airbnb landlords have tried to salvage their losses by shifting their properties back onto long-term rental markets (Muldoon, 2020) – a trend confirmed by a study conducted by pap.fr (Thomas, 2020). Additionally, traditional accommodation websites have experienced increased listings since the start of the pandemic in cities such as Madrid (Aranda & Figuls, 2020), London (Heikilä, 2020), Dublin (Burgen et al., 2020), Edinburgh (Matchett, 2020), France (Greco, 2020), Amsterdam (Minder & Abdul, 2020), New York (Sanchez, 2020), etc.

However, the important question is whether this is a short-term trend or whether housing activists can bet on long-term changes. Understanding this requires an investigation into the Covid-19 impacts and responses of Airbnb hosts. A study done by Farmaki et al. (2020) represents possibly the first attempt to examine the impacts and responses the pandemic is having on Airbnb hosts. The study identified trends reflecting host's feelings about their continued use of Airbnb (*Figure 1*). Claims made by hosts opting to continue using the platform appear to be optimistic about the way Airbnb will transform in the future, while hosts opting to leave the platform, mostly complain about Airbnb's 'pro-guest' attitude during the pandemic, where guests were refunded without the host's consent. According to Krouk & Almeida (2020), the optimistic hosts may well be correct in their analysis. When tourist activities start again, Airbnb might become the safest accommodation a tourist can find. The reason being that entire-apartments can be booked out via Airbnb, as opposed to hotels, where interaction with strangers is more difficult to avoid. Evidence regarding these results are found in a study conducted by Cheng et al. (2020), noting that entire homes were booked more than any other kind of accommodation type since the onset of the pandemic.

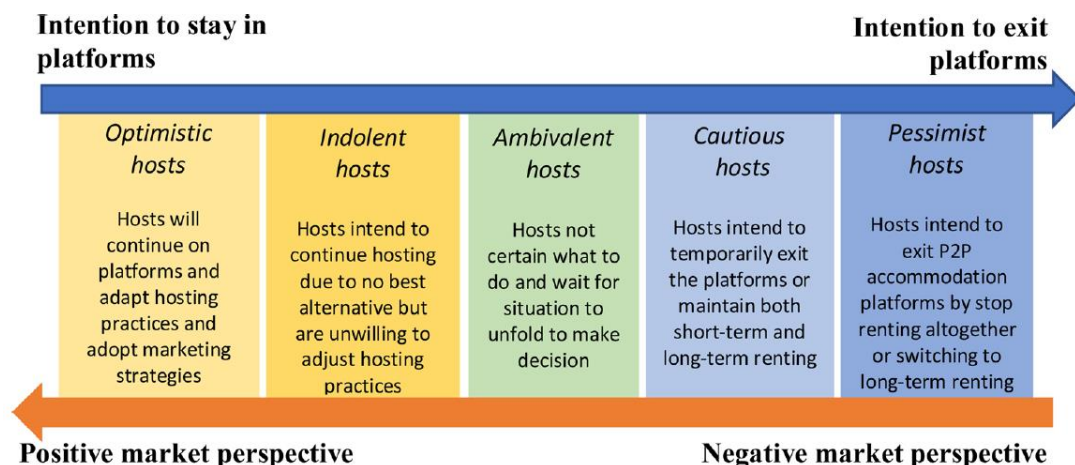


Figure 1: Airbnb hosts' willingness to remain on Airbnb platform during the Covid-19 pandemic. Sourced: Farmaki et al., (2020)).

A study by Dolnicar & Zare (2020) dives a little deeper and explains that Covid-19 has disrupted the disrupter, and “has the potential to trigger structural changes in certain sectors of the industry”. The study

explains how 'Capitalist hosts' (*professional* and *investor* hosts) suffer differently from 'Befriender' or 'Ethicist hosts' (*occasional* hosts). This is because 'Capitalist hosts' have usually purchased entire homes in the hope of using the rent as bond payments, whereas 'Befriender' or 'Ethicist hosts' only list their primary residences. Thus, with the pandemic denying 'Capitalist hosts' rent, financial constraints push them to opt for long-term rentals, whereas for primary home listings, this was not so much a problem. In agreement, David Wachsmuth, a University professor at McGill University, states that "it is not the end of the world for people who were renting out spare bedrooms or using the platform to supplement their income. However, for the more aggressive speculators, who purchased condos intending to rent them out all year-round, this can be a financial ruin" (Bernardi, 2020). Thus, Dolnicar & Zare (2020) hypothesize that the shock of Covid-19 will lead to a re-emergence of the original ethos of Airbnb, where hosts rent out their primary residences on a part-time basis. On the contrary, although certain hosts are indeed better able to financially weather the storm, this does not mean that the original ethos of Airbnb will necessarily return. In fact, it could mean the opposite. Hosts renting out only one room (*occasional* hosts) are suffering as social distancing measures and fears of contracting the virus impact these bookings. On the other hand, entire homes (controlled mostly by *professional* and *investor* hosts) have already replaced apartments/rooms as the dominant type of booking in 2021 (Airbnb, 2020).

There is also reason to believe that the move from Airbnb to long-term rental contracts will not be as big as some city officials would like it to be. This is because both types of hosts want by all means to avoid stable leases, due to the short-term market being more profitable and practical for landlords. For example, they can sell the property at will, without any legal difficulties with a long-term tenant, tourists pay beforehand, landlords can speculate with prices, etc. (Krouk & Almeida, 2020). According to Gil, the latest real estate movements only make one thing clear: "Speculators and multi-owners have two markets on which to operate: the rental market and the tourist apartment market. In each moment and context, they will be able to choose the one with the most money generate", he warns (Casado, 2020).

Changes in Airbnb user behaviours

"There'll be a redistribution of travel from a hundred cities to 10,000 cities"

– Brian Chesky (Landy, 2021)

Additionally, Sheth (2020) points out that Covid-19 may have long-term effects on consumers' consumption patterns (Krouk & Almeida, 2020). Major tourism centres - before the pandemic - were Airbnb's bread and butter. However, as they present concentrated and busy places, i.e. Corona hotspots, bookings within this market were especially hard hit by the pandemic. Thus, some statistics point towards a relief of pressure away from city centres. For example, Airbnb revenues in rural areas rose from \$1.04 billion in March 2019 to \$1.32 billion in March 2020, while revenues in urban areas fell from \$706 million in March 2019 to \$631 million in March 2020 (Figure 2) (Bernardi, 2020).

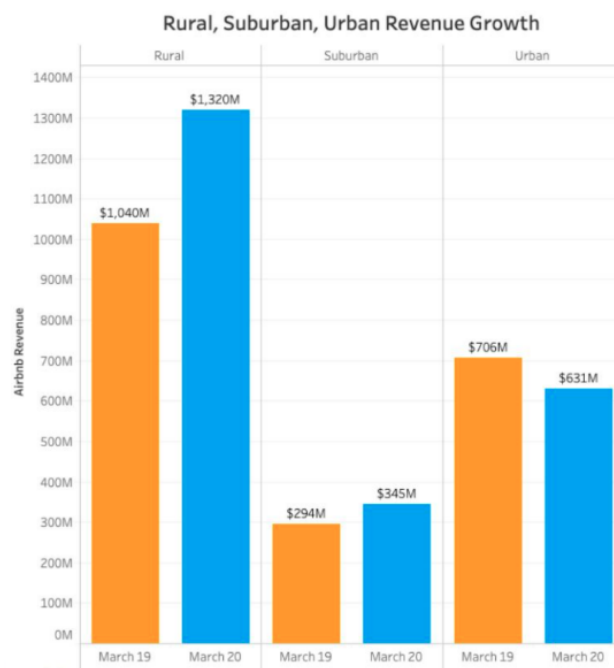


Figure 2: Rural, suburban and urban revenue flows. Sourced: Bernardi, 2020

According to Bloomberg, not only are these crowded destinations inaccessible to tourism travel, but they run counter to what people now crave: nature, space, and room to breathe (Ekstein, 2020). Similarly, CEO of Airbnb, Brian Chesky stated that: “the genie is out of the bottle, people are now discovering small towns, small communities. They’re discovering national parks, falling in love with the outdoors, and realizing they can go to all sorts of other places. This is an irreversible trend” (Ekstein, 2020). “There’ll be a redistribution of travel from a hundred cities to 10,000 cities” he adds, predicting a lasting shift in travel toward national parks and small towns. Here Chesky refers to a new era of global nomads, working remotely via Zoom and/or Slack. “I thought that would take about 10 to 20 years to happen,” Chesky says. “With COVID, that accelerated it.” (Landy, 2021). Statistics from the U.S do give this claim some merit. Since the onset of the pandemic, driving-distance Airbnb accommodations have been gaining popularity. Of the one million nights that Airbnb users booked on July 8, more than two-thirds were for destinations outside major cities, according to the company’s own data (Shadel, 2020). Data also shows that while travellers are booking almost twice as many remote stays as last year, home rentals in urban markets are still struggling (Ekstein, 2020). However, although this trend signifies a reduction in the concentration of Airbnb in city centres, and thus a more even distribution of tourism, one area of concern is that instead of the problem being solved, it’s simply being moved (Glusac, 2020).

Gaining momentum for better regulation

“the pandemic has created a momentum for housing movements in Europe”

– Veda Popovici (Bernardi, 2020).

For the pandemic to be utilised as a time to ‘build-back-better’, city officials and regulators cannot leave the future housing market and Airbnb nexus to its own devices. There needs to be intervention. This was echoed by Ian Brossat, the Paris deputy mayor in charge of housing, where he stated that “we intend to

take the opportunity to regain control” (Burgen et al., 2020). Thus, according to Veda Popovici, facilitator of the ‘European Coalition Network for the Right to Housing and the City’, “the pandemic has created a momentum for housing movements in Europe” (Berardi, 2020). This narrative is playing out in many cities around Europe. For example, the municipality of Lisbon has begun a program called ‘Renda Segura’ [secure income], where it offers Airbnb apartments three months’ rent in advance if they convert back to the long-term rental market. Additionally, Paris has announced its intention to buy back properties from Airbnb owners suffering as a result of the pandemic. This program entails buying back properties and offering them for a 20% below market value on the long-term rental market (Coupechoux & Clark-Foulquier, 2020).

Furthermore, measures to address the impact of Airbnb were again taken to the EU. In March 2020, 22 cities (Amsterdam, Athens, Barcelona, Berlin, Bologna, Bordeaux, Brussels, Cologne, Florence, Frankfurt, Helsinki, Krakow, London, Milan, Munich, Paris, Porto, Prague, Utrecht, Valencia, Vienna and Warsaw) came together in an effort to push for a stronger regulatory agenda from the EU. Their claim was premised on the fact that the 2000 e-Commerce Directive regulating online platforms was created before the development of online platforms such as Airbnb and thus is unsuited to address their impacts. Specific reference was made to the problem of Airbnb’s reluctance to share data with local government officials, which limits their capacity to enforce regulation. Thereafter, in early December 2020, the European Commission took steps to regulate the platform industry through the new “Digital Services Act”, a regulation aimed at modernizing the legal framework for platform services across the European Union (Minder & Abdul, 2020). According to the Dutch government, regulation here should specifically target data privacy issues, by demanding better access to data from Airbnb. This will, according to CNBC, provide law-makers with access to data from Airbnb and enable governments to better respond to the challenges in housing. However, when the CNBC took this debate to Airbnb, they declined to comment (Eurocities, 2020).

Changes to Airbnb business model

“All of the actions we have taken over the last several weeks assure that Airbnb will emerge from the storm of the pandemic even stronger, regardless of how long the storm lasts”

– Brian Chesky (Bosma, 2020).

Lastly, the question regarding Airbnb’s survival has also been a topic under discussion (Farmaki et al., 2020). This, however, does not seem likely, as the venture-backed tech platform has cash reserves and little bricks-and-mortar skin in the game, so they seem sure to endure the pandemic. (Shadel, 2020). Additionally, the biggest hedge funds, private equity funds and institutional investors in the world (such as private equity giant Silver Lake and investment firm Sixth Street Partners) have gotten into Airbnb during the pandemic, giving a vote of confidence to Airbnb’s continuation (Bernardi, 2020). However, ‘continuation’ is not to be confused with ‘expansion’. According Dolnicar & Zare (2020) Airbnb numbers will not exceed that of pre-Covid levels, as just before the pandemic, growth had already begun to slow – meaning that even if the pandemic had not occurred Airbnb’s expansion would have ‘naturally’ plateaued (Dolnicar & Zare, 2020). However, a return back to normal still is not good enough. If we are to witness the local preservation of local housing markets in big tourism destinations, Airbnb needs to change.

SECTION 3: METHODOLOGY

This methodology aims to lay down the 'contextual framework' for this research. It comprises the guiding principles, data collection methods and study area for the empirical research.

3.1 Research paradigm

The methodological framework follows an 'emancipatory approach', being that it aims to provoke and sustain change in favour of the public good. This approach entails the application of three types of knowledge:

1. **Systems knowledge:** An analytical and descriptive knowledge on the current state of the system (Airbnb before the pandemic).
2. **Target knowledge:** Knowledge regarding the desired future development of the system (a more sustainable Airbnb model).
3. **Transformation knowledge:** Knowledge regarding how we can move from systems to target knowledge (utilising the pandemic as a means to gain momentum for better Airbnb regulation)

The aim is to not only explain and investigate the current state of affairs, but to 'go beyond' a merely descriptive text by actively seeks to explore future trajectories through the application of 'target knowledge'. Furthermore, the research can be classified as ideographic, as it aims to uncover detailed information about a narrow subject of study.

3.2 Problem formulation

Firstly, the study of Airbnb, its regulation and its negative impact on the housing market have been researched extensively within the academic domain, however, how the current pandemic influences the future of Airbnb has not. Thus, the significance of this research aims to close this research gap. Secondly, the focus of academia has mostly targeted cities such as Barcelona and Paris, where the impacts of Airbnb are deemed 'more severe' than Madrid. However, when narrowing the area of focus to the city centre, the concentration on Airbnbs in Madrid city centre (52%) is actually higher than in 6 other European city centres (Amsterdam, Barcelona, Paris, Berlin, Rome and Lisbon). Thus, Madrid can be regarded as the most relevant case to study Airbnb in Europe, not because it has the highest quantity of Airbnb listings, but because it has the highest percentage of Airbnb listings of the total housing stock in the city centre (13%) (Caccese, 2018). In addition, narrowing the field of study only on the central district of Madrid, challenges the traditional scale in which Airbnb is typically studied (metropolitan scale). Lastly, the structural embeddedness of the 'platform economy' within the political economic landscape of Marxism has been largely neglected within the academic domain. Thus, this paper also sees to contribute to under researched field as well.

Furthermore, the contribution of this paper aims to go beyond a mere exploratory or descriptive ends, but aims to actively contribute towards the building of a regulatory toolkit, while providing justification for stronger social regulation. Thus, this paper follows the rationale of Karl Marx in his philosophy that “*the task is not just to understand the world but to change it*”.

3.3 Study area

The study area encompasses only the Centro district of Madrid (Universidad, Justicia, Palancio, Cortes, Sol & Embajadores) (Figure 3). Also referred to as the ‘Almond district’ of Madrid.

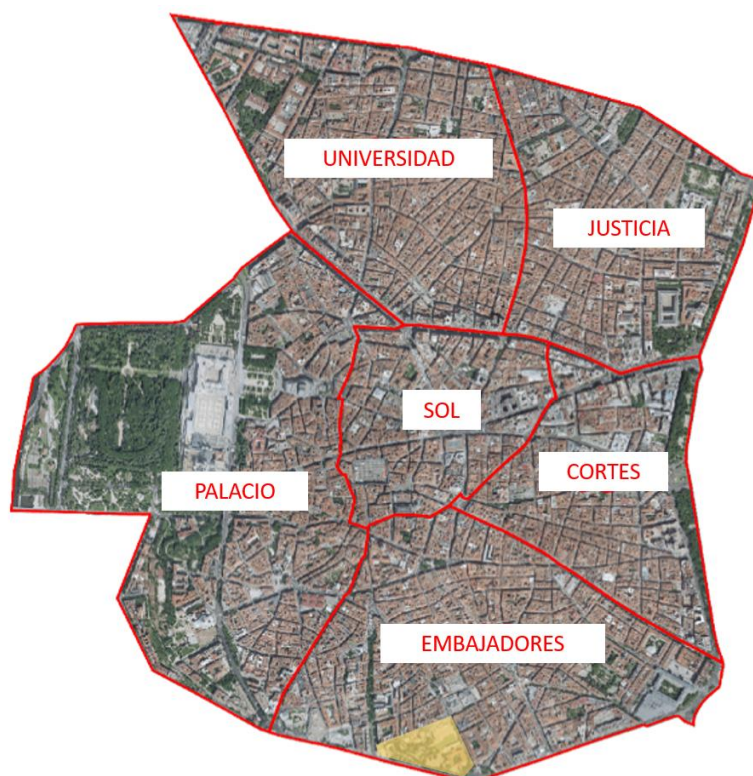


Figure 3: Map of study area (Central District of Madrid). Sourced: own design

3.4 Research question

The proposed study seeks to critically assess **how the Covid-19 pandemic has created new possibilities for a more just and sustainable Airbnb model in the Centro district of Madrid.**

More specifically, the research aims to answer the following secondary research objectives:

1. Why and in which ways was Airbnb in Centro Madrid unsustainable before the Covid-19 pandemic? (systems knowledge)
2. What are the Airbnb-related trends (social/political/economic) currently unfolding during the pandemic? (transformation knowledge)
3. Do these trends reflect a satisfactory approach to a more just and sustainable Airbnb model? In other words, what are their potentials for change? (target knowledge)

3.5 Research design

The research design (*Figure 4*) is the structural layout or ‘flow’ of this paper. It aims to support the research question (RQ), by answering the supporting research objectives of the RQ. It is both exploratory and argumentative in its approach. This paper begins by problematizing the Airbnb phenomenon by situating it within a larger theoretical background through a broad study of existing literature on the subject. Thereafter, an ideographic approach scales down to investigate the phenomenon in the Centro district of Madrid, where fieldwork is conducted in support of existing literature. The following methods are employed to answer the research question.

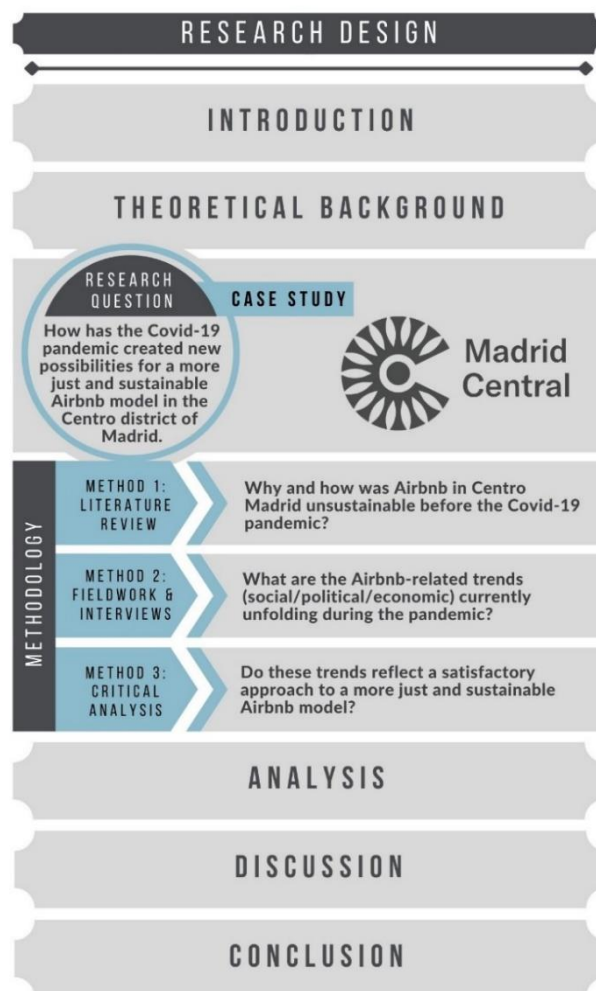


Figure 4: Research design. Sourced: own design

Method 1

The question: “**Why and in which ways was Airbnb in Centro Madrid unsustainable before the Covid-19 pandemic?**”, is addressed through the theoretical analysis of existing academic literature on Madrid. The timeframe being researched starting from 2008 (origin of Airbnb) until March 2020 (onset of the Corona-virus).

Firstly, the professionalization of Airbnb is critically assessed according to the following variables: a.) the spatial distribution of Airbnb, b.) the type of housing (entire apartment or room(s)) and c.) the type of host (multi or single-listing hosts). **Secondly**, a policy analysis investigates the regulatory landscape unfolding (or lack thereof) through the course of Airbnb's evolution in Madrid. **Lastly**, through cross analysing these two factors, a mismatch between Airbnb's impacts on Madrid's central district, and regulations inability to mitigate these impacts points towards possible areas of intervention.

Method 2

The question: "***What are the Airbnb-related trends (social/political/economic) currently unfolding during the pandemic?***", is addressed in the literature review as well as in the fieldwork. The timeframe of this research starting from March 2020 (onset of the Corona-virus) until 1st June 2021 (submission date of thesis).

Due to the recent nature of the Covid-19 pandemic, there is a lack of peer-reviewed academic literature on the subject. Thus, a discourse analysis is employed in which to analyse the relevant information. Additionally, the epistemological focus of the fieldwork is mostly qualitative (quantitative analysis only encompassed figures with Airbnb listing numbers). Interviews and surveys were conducted with various relevant actors in order to understand how they have responded and/or feel about the impacts of Covid-19 on Airbnb. These interviews were semi-structures and conducted either physical (in-person), or digitally (via 'WhatsApp', 'Zoom', Email and/or Facebook).

Firstly, an interview via email was conducted with Pablo Martinez (APPENDIX A), **PHD professor at the University of Catalonia**, and structured to understand how the situation of Airbnb might look moving forward.

Secondly, an interview was conducted via email with Hector Grad Fuchsel (APPENDIX B), a representative from a **social housing organisation** (Federación Regional de Asociaciones de Vecinos de Madrid) and structured to understand how the organisation views the current (social/economic/political) dynamics of Airbnb, as well as the future possibilities for a more sustainable Airbnb model.

Thirdly, surveys with **Airbnb hosts** (APPENDIX C) were conducted both through the Airbnb platform (www.airbnb.com) and Facebook group (*Airbnb España comunidad*), where the former entailed contacting individual hosts, and the latter by posting open surveys. In both formats, questions were structured to understand how they were affected by Covid-19, what their responses/coping strategies were, as well as whether they would continue using the platform in the future. A total of 6 'Airbnb host' interviews were conducted.

Fourthly, surveys with **Airbnb users** (APPENDIX D) were conducted digitally (via WhatsApp) and in-person and structured to understand how Covid-19 has impacted their travelling behaviours during as well as after the pandemic. A total of 28 Airbnb users were interviewed. 'Convenience sampling' was

used to gather data, by conducting interview with 4Cities colleagues, as well as random people in the street. It is important to note that due to time, cost and resource constraints, the limited findings gathered from Airbnb hosts and guests fails in its ability to act as a representative sample as well as in its ability to make accurate generalisations.

Fifthly, an interview was conducted with Alvaro Ardura Urquiaga (APPENDIX E), **Associate professor in the Department of Urbanism and Spatial Planning**, to understand the dynamics affecting the future trajectories of the Airbnb landscape.

Sixthly, an interview with Jonathan Reyes (APPENDIX F), a **representative of Fairbnb**, was conducted via Zoom, where questions were structured to understand how Fairbnb presented a more sustainable model than Airbnb, as well as to what extent their future expansion plans incorporated Madrid.

Lastly, I attended one **live webinar** (*Affordable housing: Airbnb and the Digital Service Act*) on 2021, November 18, and one **Live Discussion** (*The future of travel – How Airbnb is changing post-Covid*) on January 14, 2021.

Once all the interviews were conducted, they were transcribed and analysed by means of a thematic analysis to identity broad themes and patterns, while drawing connection to other empirical findings as well as theoretical literature.

Method 3

The question “***Do these trends reflect a satisfactory approach to a more just and sustainable Airbnb model?***”, is addressed by means of a critical analysis regarding the findings of ‘Method 2’.

Ultimately, the method transgresses the descriptive approach and moves into the exploratory domain by assessing whether the current trends of Airbnb are working towards a more sustainable Airbnb model. It is thus also future orientated. It is important to note that this paper in no way claims to predict the future of Airbnb, but serves only as a framework to propose, based on the evidence gathered, the potential challenges and difficulties the Airbnb situation in Madrid’s central district might face.

3.6 Time-line

Figure 5 displays the ‘time-line’ of this paper regarding when and for which duration certain duties were performed. As this research conducted was exploratory, the literature and thesis topic changed several times as the researched matured. As seen below, field work was conducted at the end of the time-line due to the case study being Madrid (the location of the last semester of the 4City study program), allowing me to be physically present in the time of empirical data collection.

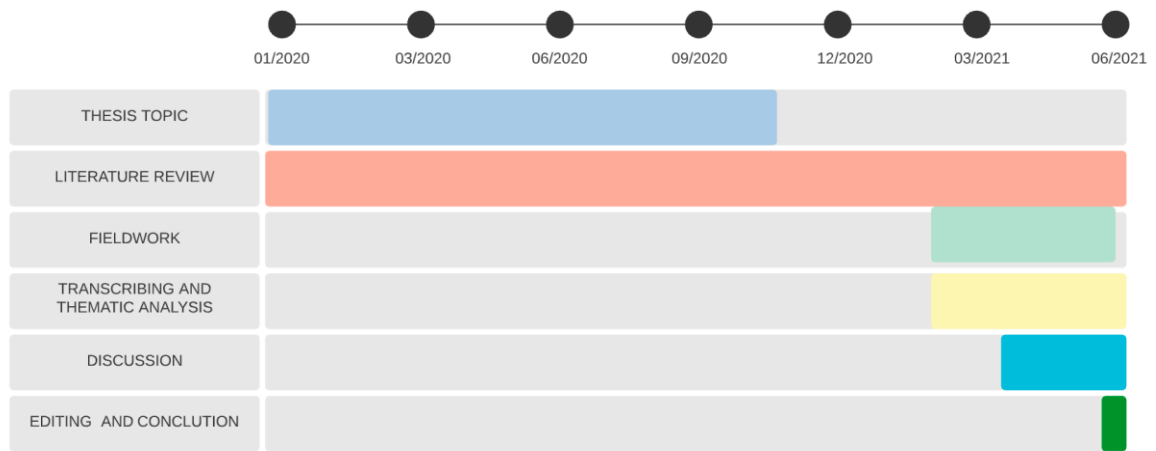


Figure 5: Time line. Sourced: own design

SECTION 4: ANALYSIS OF MADRID

“It is clear that there is a growing gap between the original idea of collaborative economy platforms and what they have become. This collaborative economic model is now part of the financialisation of housing, facilitating the use of housing as a financial asset”

- Clotilde Clark-Foulquier (2020: 7)

The city of Madrid is the capital of Spain, and also the second-largest city in the European Union. It has a population of almost 3.4 million inhabitants and is currently governed by José Luis Martínez-Almeida, head of the Popular Party. Since Spain is the second most visited country in the world, according to the United Nations World Tourism Organization (UNWTO), the city of Madrid ultimately puts the tourist offer at the centre of its growth strategy. Madrid is also the seat of UNWTO, and in 2018, the city received 10.21 million tourists – of which 53.3% were international tourists (Madrid Destino, 2018). In 2017, the contribution of tourism to the national GDP was €137 million (11.7% of the total), while also generating 2,6 million jobs (12,8% of the total) (Caccese, 2018). Thus, for several reasons, Madrid is often said to be held hostage by tourism – locked into a path dependency without many viable alternatives. All these factors make Madrid an ideal location for Airbnb, where both national and local regulation has played a part in facilitating the development of its professionalization.

According to Muniz (2020), the strong expansion of tourist rentals arises through creative destruction in the wake of the 2008 global crisis. Therefore, understanding how Airbnb manifested within Madrid, has its roots tied to the 2008 crisis. Here the relationship between two factors is important to consider, namely, housing and tourism. Due to the financial strangulation following the financial crisis, home sales and purchases plummeted. As a result, rental housing not only increased but was perpetuated via several regulatory changes carried out amid the crisis – as Spain leveraged its real estate market as a vehicle to revive the economy. Most importantly, was the modification of the Urban Leasing Law – which facilitated the penetration of investment funds into the housing market (Rodríguez-Rodríguez & Martínez-Vega, 2018). Additionally, tourism was regarded as the primary means by which the capitalist system attempted to sustain its long-term survival (Mosedale, 2011, 2016 & Fletcher, 2011). Harvey (2010) describes this era of tourism investment as a response to the over-accumulation crisis, in which global production outstripped demand. In other words, tourism acted like a sink for the investment of surplus capital. Shortly after the recession, UNWTO stressed that tourism growth necessitated the removal of all barriers to tourism, such as taxes and over-regulation. Heeding this advice, Spain pushed to attract increased tourism flows through a series of deregulatory policies. Thus, a laissez-faire property scheme, coupled with the banishment of any approach that does not support the pursuit of the tourism growth machine, lubricated Airbnb's entrance into the urban fabric. The result is that today, real estate is the new frontier of tourist commodification (Colomb and Novy, 2016), as Airbnb became a spatial component of the 'tourism fix' - a "mechanism providing a haven for financial capital which ensures a return on investment through profits derived from touristic uses" (Raga, 2019: 41). Thus, a new wave of gentrification struck Madrid where, as Aalbers puts it, 'corporate landlords and platform capitalism' play a significant role. Although tourism gentrification is nothing new to cities such as New Orleans (Gotham, 2005) or Barcelona, it was not on the public agenda of Madrid until the rise of Airbnb (Cocola-Gant, 2016). Thus, the

professionalization of the industry sparked new threats of displacement (Urquiaga et al., 2020) – in markets where such possibilities “would not have existed on the basis of local demand alone” (Sigler & Wachsmuth, 2016: 2).

4.1 Putting Profit over People: The Professionalization of Airbnb

In no city of the more than 20 that I have studied is there as much concentration of Airbnb supply in a single district as in Madrid's Centro district. It has gotten out of hand, it is unsustainable. More than 50% of the supply in the city is in this district. And in some neighbourhoods, Airbnb apartments are already 25% of the total.

– Javier Gil (Medina, 2018)

As the development of the tourism industry is inescapable from the forces of globalisation, Madrid increasingly positioned itself within the global economy. This integration into the international market channels large quantities of international capital into the housing sector – boosting the professionalization possibilities of Airbnb in Madrid (Urquiaga et al., 2020). In 2012, the number of Airbnb listings in Madrid surpassed the one thousand mark for the first time. From there on (*Figure 6*), it added roughly another one thousand listings every year until 2015. From 2015 to 2016, the growth increased by roughly another three thousand listings. The reason for this surge in listings can arguably be traced back to the fact that in 1994, many of Spain's renters were granted a 20-year rent freeze. However, in 2015, this 'Urban Lease Law' came to an end, removing the property market from its regulatory protectionism (although there had already been 80 000 evictions in the Community of Madrid between 2008 and 2015) (Garcia, 2017). This opened up the potential for landlords to capitalise on the maximum return on rents, driving rental prices up three to four-fold (MadridNoFrills, 2019). Thus, as the local demand for a home coincided with the tourist boom of Madrid, landlords shifted towards the more profitable short-term tourist rental market. According to Clemente (2018), the reduction of the number of traditional rental properties was reduced in one foul swoop, as landlords opted for short-term leases to tourists. This can be seen in *Figure 6* (below), where the rise in Airbnb listings from 2015 to 2017 reflects an exponential curve. This resulted in a series of displacements and evictions striking Madrid (Fletcher et al, 2019). During 2017 and 2018, Airbnb continued to expand adding over two to four thousand new Airbnb listings to Madrid (Gil & Sequera, 2020). This expansion reached its peak In 2019, where there were over 18 000 Airbnb listings in Madrid alone.

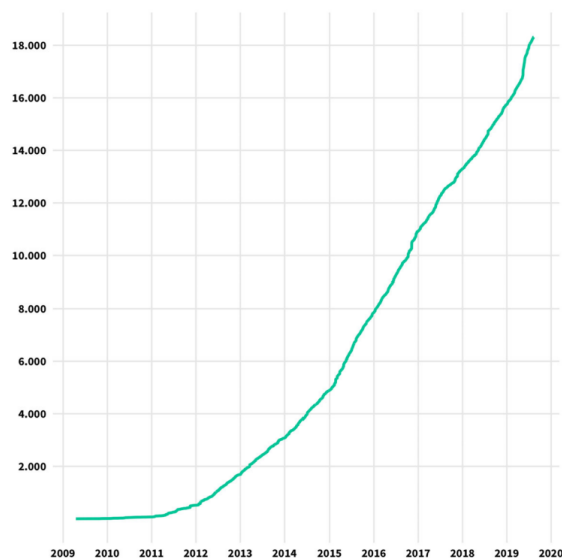


Figure 6: Number of Airbnb listings in Madrid from 2009-2020.
Sourced: Gil & Sequera, 2020

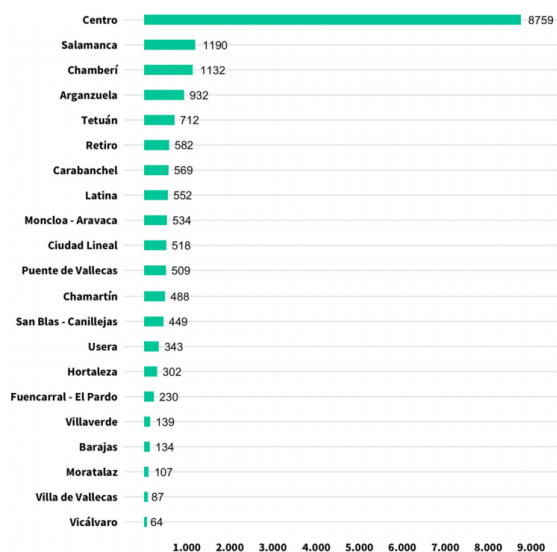


Figure 7: Spatial distribution of Airbnb listings in Madrid.
Sourced: Gil & Sequera, 2020

The situation is aggravated when considering the spatial distribution of Airbnb activity (Figure 7 above). Data from *InsideAirbnb* (an independent, non-commercial set of data that aids local governments to explore the 'true' Airbnb situation) reflects a clear pattern of centralization in the city centre. In fact, in May 2019, the concentration of Airbnbs in the city centre was 52% of the city's total offer – figures higher than in the central districts of 7 other European cities (Amsterdam, Barcelona, Paris, Berlin, Rome and Lisbon, in addition to Madrid) (Caccese, 2018). In response to this, Javier Gil, a researcher at the Institute for Housing and Urban Research, states that “in no city of the more than 20 that I have studied is there as much concentration of Airbnb supply in a single district as in Madrid's Centro district. It has gotten out of hand, it is unsustainable. More than 50% of the supply in the city is in this district. And in some neighbourhoods, Airbnb apartments are already 25% of the total” (Medina, 2018). Similarly, according to an interview with Martinez (APPENDIX A), “unlike what happens in other cities, such as Amsterdam, Paris or Barcelona, in the city of Madrid, the concentration of VUTs is overrepresented in the central district. This district hosts the major tourist attractions of the city and has become the favourite place for this type of business. In the aforementioned cities, there are several districts with a high presence of VUT. In other words, it is more spread out”. This trend demonstrates that Airbnb has not generated an evenly distributed accommodation model that distributes tourism equally throughout the city. Analysing the six neighbourhoods that make up the city centre (Figure 8 below) reflects an even deeper unevenness within the city centre. Here it is evident that the neighbourhood 'Embajadores' contains the largest concentration of Airbnbs. However, when these statistics are contrasted with the percentage of housing stock taken up by Airbnb (Figure 9 below), 'Sol' (33%) is shown to be the most impacted area. According to a representative for Urban Sustainable Development of the Madrid City council, in Sol there are two tourists for each regular resident and in Cortes, more than one tourist for each resident (Rodríguez-Pina, 2019).

	Sol	Cortes	Justicia	Palacio	Embajadores	Universidad
Listings	1293	909	1067	1487	2632	1909
%	14%	10%	11%	16%	28%	21%

Figure 8: Number of Airbnb listings per neighbourhood in Centro District of Madrid.
Sourced: Caccese, 2018

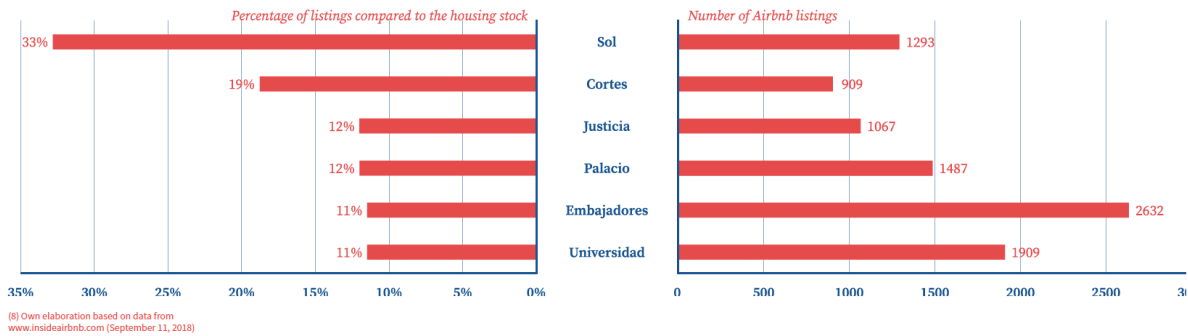


Figure 9: Percentage of listings in comparison to housing stock (2018). Sourced: Caccese, 2018

Furthermore, when analysing the 'type of listing' and the 'type of hosts' who control these Airbnb apartments, the dominant Airbnb players causing the Airbnb related externalities are exposed. In Madrid Centro, the percentage of entire apartments increased from 71% to 77% from 2014-2017, before falling to 75% in

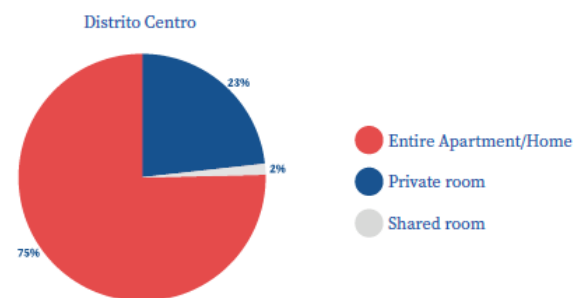


Figure 10: Type of apartment listings in Centro District. Sourced: Caccese, 2018

2018 (Caccese, 2019). A possible explanation for this decline can arguably be related to the announcement by the Madrid City Council to adopt a strict regulation against professionals who operate through Airbnb. For example, an interview with one Airbnb host (APPENDIX C) stated that "[at] the moment that the Carmena plan was there. Everybody was really scared so everyone put their Airbnb off for like a month. And then nothing happened." Thus, in 2019, entire apartments in the central district of Madrid represented 76,3% of the Airbnb supply, whereby only 23,7% of the Airbnb supply were single room(s) (Figure 10) – a sign reflecting the increasing professionalization of the industry as Airbnb moves away from hosts renting out spare space, to 'capitalist hosts' renting out entire apartments (Gil & Sequera, 2020).

Furthermore, according to Gill & Sequera (2020), multi-listing hosts in the Central District control 68.85% of the market, while single-listing hosts control only 31.15%. More specifically, Figure 11 reflects the development of Airbnb's professionalization (growth of hosts controlling more than one apartment) while Figure 12 magnifies the severity of this development. As reflected by the graph in Figure 12, hosts in Madrid who control between two and five listings represent 21.19% of the host, but control 27,7% of the total number of Airbnbs; those who control between six and 20 listings, represent 3.65% of hosts, but control 17.11% of the total number of Airbnbs; while hosts with over 20 listings on Airbnb, only represent 0.66% of the hosts, but control 15,02% of the total number of Airbnbs. In fact, only 65 hosts control a total

of 2,753 listings on Airbnb (Gil & Sequera, 2020). Thus, it can be seen that although professional actors (hosts with multi-listings) are a minority on Airbnb, they control a majority of the market.

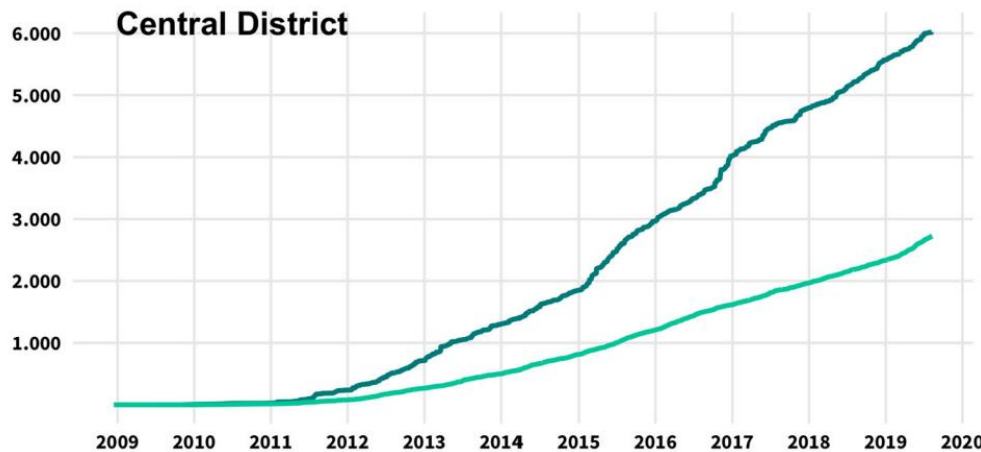


Figure 11: Number of single and multi-listed properties in Centro District of Madrid. Sourced: Gil & Sequera, 2020

These professional hosts have gone so far as to disguise themselves under fictitious names. Examples include 'Claudia', 'Alberto' and 'Leticia and Fer'. This gives the illusion of a friendly individual, of what is in reality a real estate company. The 'host' that manages the most Airbnb rooms in Madrid is 'Claudia', which, in reality, has been identified as the real estate

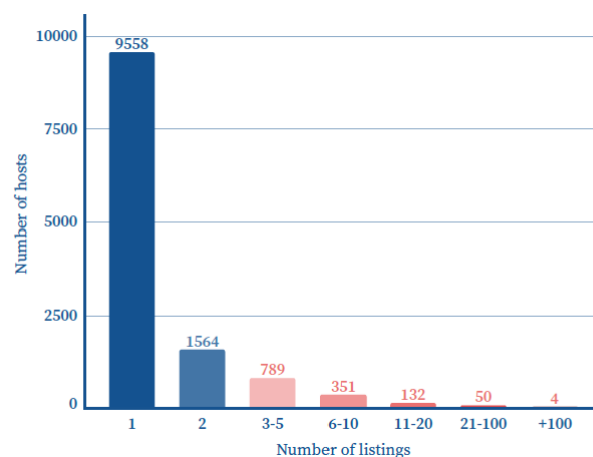


Figure 12: Relationship between the number of listings controlled by different hosts in Madrid. Sourced: Gil & Sequera, 2020

company 'Friendly rentals', - owned by Wyndham Worldwide, one of the biggest

hotel chains in the world. In 2018, Claudia managed 211 Airbnb listings in Madrid, 138 of which are in the city centre (Gil & Sequera, 2018). In fact, the name Claudia used to be 'Raquel', before changing 'her' name after an intense campaign against 'her' by several neighbourhood groups (among them *Lavapiés, donde vas?*). During their campaign, they dedicated these words to her: "*Raquel is NOT the neighbour who rents her room to make ends meet... He is one of the figures of speculation and the increase in the cost of the neighbourhood*" (Casado, 2018). This is an important aspect in which, according to Pablo Martinez, regulation must be able "to effectively and convincingly pursue companies that hide in fake profiles".

Thus, it can be seen that there are very few traces of Airbnb as a collaborative economy in Central Madrid. Rather the platform has been hijacked by venture capitalists running real estate empires on the app. According to the Spanish bank Bankinter, "the growing profitability of tourist accommodation rented across platforms like Airbnb is causing a noticeable rise in the cost of long-term rental contracts" (Clemente & Aunion, 2018). Similarly, some studies indicate that Airbnb has led to the increase of rental prices by 9% annually since 2014 (Madrid City Council, 2021). Another study carried out in June 2019,

indicates that Airbnb has caused rent to rise by at least 7% (Lopez et al., 2019). Thus, for an economic model that creates disruption the way digitally-powered capitalism does, demands that we be able to not just identify it, but resist it (Hassan, 2020).

4.2 Rising Resistance and Reinforcing Regulation

“Airbnb is not a simple technological intermediary. Airbnb is a powerful property agent”

- Janet Sanz (Live Webinar, November 18, 2020r).

It is important to note, that these forces are not the unforeseeable or ‘natural’ consequences of Airbnb’s perforation into Madrid, but were actively promoted by the Spanish state. However, the regulatory battles of Airbnb take multiple forms, across multiple scales, and are often closely tied to the political rationale of the time. Thus, the regulatory arena of Airbnb presents a constant power struggle between many different actors, each attempting to pursue their own agendas. The following section draws a regulatory road map of Airbnb’s journey in Madrid, from 2008 up until before the pandemic, while paying specific attention to all key actors, political turns and struggles for the ‘right to the city’. Here the right to the city can, according to Harvey (2008: 1), be understood as “far more than a right of individual access to the resources that the city embodies. It is, moreover, a collective rather than an individual right since changing the city inevitably depends upon the exercise of a collective power over the processes of urbanization”.

Firstly, during the right-wing dominance of Spain’s political history from 2011–2018 under Mariano Rajoy from the Popular Party, several policy shifts focused on incentivising the attractiveness of investment into the city. Three significant policy adaption are important to note here. Firstly, the new Ley de Arrendamientos Urbanos (Urban Rental Act) (2013) reduced the minimum duration of rental contracts from 5 to 3 years - making the rotation of tenants easier; secondly, the creation of real estate investment trusts, or Sociedades Anónimas Cotizadas de Inversión Inmobiliaria (SOCIMIs) as well as the growth of transnational Real Estate Investment Trusts (REITs) (Ley 16/2012), systematised and legalised the internationalisation of real estate; and thirdly, the establishment of the ‘golden visa’ programme inviting foreign investors into the Spanish real estate market (which accounted for 6% of sales in 2018), (Estadística Regional Inmobiliaria, 2021).

However, the regulation specifically targeting Airbnb in Spain originally fell under the LAU – Ley de Arrendamientos Urbanos (Spanish Tenancy Act). The problem was that at the time, the industry was in an a-legal state. In 2015 the Spanish government saw to exclude holiday rentals from the LAU, only to delegate the task of regulation to the autonomous communities of Spain (Nesbitt, 2016). One of the first regulations approved by Madrid was the Decree 79/2014 on the 10th of July, 2014. The three main elements of this regulation required that holiday rentals register as a business practice, that they are only permitted to offer a minimum stay of 5 days, and that hosts are not allowed to rent out their primary residences or offer single room occupation – but instead, only an entire unit. Ironically, these regulations were a slap to the face for the ‘collaborative model’, as they encouraged entire apartment letting – a regulatory move that also stands in stark contrast to the regulations adopted in other European cities.

Additionally, if all the dwellings in a building were owned by the same owner, the regulations for touristic apartments would apply. Thus, not only were there no measures to prevent entire buildings from becoming a 'hotel', but regulation actively made it legal. In these ways, this regulation supported the professionalization of Airbnb activity (Martínez-Caldentey et al., 2020). This marks an important rationale of regulation, where the goal was not aimed at protecting the local housing market but was rather an attempt to appease the hotel industry – which “unsurprisingly”, constitutes a large share of tax for the region. The strategy was that since the average stay of tourists in Madrid was four days, these regulations granted an open market for hotels that could then capitalised on weekend breakaway stays. However, although the regulation was taken as a win for the hotel industry, the only result was that property owners began operating illegally on Airbnb (Stucklin, 2014).

The following year (2015), Manuela Carmena from 'Ahora Madrid' came to power, representing a broader swing to the left, and putting an end to 24 years of market-friendly conservative Popular Party leadership. One of the first regulatory issues to be contested was the 2014 decree. This is a significant part of the regulatory debate, not so much because of the outcome of the appeal, but rather because it represented the inclusion of one of the big players joining the regulatory arena i.e. the CNMC (National Commission for Markets and Competence). The CNMC, being in favour of deregulation, market-rule, and e-commerce was to become an important ally for Airbnb (Brace, 2015). Thereafter, for a couple of years, regulatory progress on touristic rentals was stagnant, largely due to the argument that Madrid was “not as bad as Barcelona” (Urquiaga et al., 2019), and thus, according to an interview with Hector Grad Fuchsel (APPENDIX B), a member of the *Federación Regional de Asociaciones de Vecinos de Madrid* (FRAVM), “the city hall closed their eyes for 2 years”. However, although it had previously been true that Barcelona had experienced a greater initial concentration of Airbnbs, this ceased to be true for the Centro district of Madrid since 2016. During Carmena's position in office, many letters of closure were sent to Airbnb owners without much success, largely because holding hosts accountable seems logical when dealing with traditional rental companies. But regulation becomes a bit more complex when dealing with hosts who are hard to locate, largely due to Airbnb's reluctance to share data with local governments. Additionally, according to an interview with Alvaro Ardura Urquiaga (APPENDIX E), Associate professor in the Department of Urbanism and Spatial Planning, the problem of regulation at the time was that it “depended more on the regional government than the local, and regional government, ruled by the PP [Popular Party], with the support of the Cs [Conservatives], did nothing about it”. Urquiaga (APPENDIX E) also adds that “it is not only about the regulation itself, but also it has to do with the means to ensure it is observed. Barcelona contracted 100 inspectors, while Madrid only 25, with twice its population and four times its surface”. Thus, although regulations were partially in place, enforcement was an entirely different problem (Nieuwland & Melik, 2018).

Frustrated with a lack of results, on the 16th of January 2018, “*Lavapiés, donde vas?*”, a social housing organisation – together with the *Federación Regional de Asociaciones de Vecinos de Madrid* (FRAVM) (Regional Federation of Associations of Neighbours of Madrid), the '*Coordinador del Centro de Asociaciones de Vecinos*' (Coordinator of Associations Centre Neighbours), '*Ecologistas en acción*' (Ecologists in Action), '*la Plataforma de Afectados por Hipoteca*' (PAH) (Platform for People Affected by

Evictions) and the '*Unión de Inquilinos e Inquilinos de Madrid*' (Union of Tenants and Tenants of Madrid), held a joint press conference before the headquarters of the Government of the Community of Madrid at Puerta del Sol, where the social groups demanded that the authorities prepare a Special Plan for Tourist Planning for the city of Madrid. Just more than one year later, acknowledging the growing problems of Airbnb and other touristic accommodations, national and regional government responded with the introduction of several regulatory measures.

Firstly, on March 6th, 2019, the national government changed the Ley sobre Propiedad Horizontal (the legal code overseeing the regulation of apartment buildings), which gave homeowners greater veto powers against Airbnb rentals popping up in their buildings. However, the measures were not retroactive and thus did not apply to any property currently being rented on Airbnb (Ferrero, 2019). Nonetheless, although quite late, this law sees an improvement to the Royal decree of 2018, where the decision to prohibit tourism rentals had to be unanimous (Frais, 2019) – which would logically never happen because of landlord's obvious vested interests. (Nesbitt, 2019). Had this policy been introduced several years earlier, it might have prevented many evictions and displacements.

Secondly, Carmena's party adopted its Special Plan for the regulation for the use of Tertiary Services in Accommodation, also known as the Plan Especial de Hospedaje (PEH). The purpose of the plan was to regulate the use of tourist accommodation, preserve the residential use of the urban centre and redistribute the activity of tourist accommodation to other areas of the city to alleviate the pressure of the historic centre (Delgado, 2019). These laws also saw to impose licences for hosts looking to rent for more than 90 days a year. However, the most extreme measure introduced in the PEH, was that Airbnb's and other holiday rentals in the M-30 ring road (also referred to as the "central almond") were required to have their own independent building entrance, as use of the residents' entrance by tourists was to be forbidden. This measure effectively rendered 95% of Airbnb's in the area illegal (Knight, 2019). However, the City Hall stated that it was not the intention to eliminate Airbnb altogether, but only to enforce tight regulations onto those apartments rented out for more than 90 days a year. In other words, regulations would not affect those properties rented out for less than 90 days a year, or where just a room is offered. According to Javier Gil, "if you can only rent apartments that are first residence and in a controlled manner...that is collaborative economy". (Medina, 2018). Thus, this regulation was mainly aimed at the commercial users (*professional* and *investor* hosts) of Airbnb, whereas, those hosts who used the platform in a collaborative (*occasional* hosts) way would be unaffected. However, it is worth considering whether this measure could induce a greater intensification of Airbnbs outside the city centre, extending tourist gentrification 'beyond urban centres' (Urquiaga et al., 2019), and thus moving the problem, instead of solving it.

The extremity of these laws, was met with heavy resistance from several actors (Ortega, 2021). Firstly, it is unsurprising that resistance came from Airbnb hosts, especially when considering that this had been a deliberate strategy of Airbnb from the beginning. What Airbnb does it to rapidly establish a base of both consumers and producers who are invested in the model, and then, when pushing political discourse, local authorities end up facing opposition, not only from the external threat (Airbnb), but also from within

their own base (Airbnb hosts) (Davidson & Infranca, 2016). Similarly, Pasquale (2015) states that “when companies such as Uber, Airbnb, and Google engage in a nullification effort, it’s a libertarian-inspired attempt to establish their services as popular well before regulators can get around to confronting them. Then, when officials push back, they can appeal to their consumer-following to push regulators to surrender”. Thus, Airbnb hosts threatened to continue activity despite the measures introduced by the Madrid City Council. One Airbnb host voiced dissatisfaction with the measures by stating that “...I comply with all the rules that have been imposed now with the Carmena changes, except for the independent entrance. Can they close my house just for that? In such a case, this that Carmena urges is practically impossible to fulfil in all the homes that are already registered and are legal. Are you going to give ABSOLUTELY ALL OWNERS back the license money? Because it’s a cane and it’s not fair!” (Bugalski, 2020).

Secondly, in an open letter to the mayor of Madrid, Airbnb argued that “this new regulation will only benefit a few large companies, leaving thousands of families and local communities without a key source of income”, while also denying that its activity has a “material impact on housing” because “the percentage is too small “. According to Airbnb, entire homes in Madrid that were rented for more than 90 nights in 2018 represented only 0.4% of total homes in the city (Airbnb, 2019). However, these statistics are not an adequate representation of the situation. This statistic rather represents a manipulated dataset where the statistic reflects a scale of measurement incorporating the entire metropolitan area into the equation. However, when aggregated data on a neighbourhood level, these figures become much larger.

Thirdly, Spain’s National Commission on Markets and Competition (CNMC) pushed back against the PEH, arguing that it prevented the proper functioning of the free market. In the CNMC report, Airbnb was mostly praised for its economic benefits, paying little attention to its externalities (Doncel, 2018). One of the most surprising claims from the report was that Airbnb does not push up the price of housing. A shocking claim, considering the amount of research that has been done on this topic, where several academic researchers have repeatedly found direct links between Airbnb and rising housing prices (see Horn & Merante, 2017; Lee, 2016; Wachsmuth & Weisler, 2018; Doncel, 2018; etc.).

Lastly, the PEH gathered serious political opposition. In 2019, Carmena’s defeat to the coalition government of the Popular Party (PP) and Citizens Party lead to the abolishment of the PEH (Delgado, 2019), after the PP actively used the disfavour of the PEH as political leverage to gain votes. Thereafter, for over a year the PEH was put under precautionary suspension by the Tribunal Superior de Justicia de Madrid (TSJM) or ‘*Superior Court of Justice of Madrid*’. The ruling party (PP and Ciudadanos (Citizens)) have voiced their disagreement with the PEH, stating that they want to regulate the sector but in a different way (Rodriguez-Pina, 2019), while Mariano Fuentes, urban developer for the PP, has also explained that the Madrid City Council is working so that “the platforms that offer tourist housing accommodation in the city of Madrid eliminate from their offer those that do not have a municipal license and therefore have an order to cease activity”. This means that responsibility will be delegated to Airbnb to monitor its own activity. One can only ask that if they have never done so in the past, why would they start now, especially when it goes against their economic and monopoly interest (Sanchez, 2019).

However, in 2021, the PEH resurfaced – now with the approval of the Superior Court of Justice of Madrid (TSJM). According to the socialist mayor Mercedes González, this ruling "make[s] it very clear that housing for tourist use cannot endanger the right to housing, which is prevalent over other uses" (Mendoza, 2021). However, although the PEH "is legal" in practice, the City Council has stated that it has been "completely ineffective", specifying that "since its entry into force, the number of VUT's [including Airbnb and other touristic rental platforms] passed from 8,000 to 14,000, which showed that the de facto ban not only has not solved anything but has aggravated it by condemning this activity underground." (Ortega, 2021).

So far the logic of regulation has asked: how can we avoid the negative externalities of Airbnb, without restricting its innovative and economic potential (Dolnicar, 2019). However, it is the former that has been neglected, as regulation has been unable to put locals above tourists, society above the market, and housing as a basic human right above housing as a financial asset. This is ironic for a 'sharing economy' "that has been expected to alleviate societal problems" (Hamari et al., 2015), where, in fact, the opposite has occurred. As seen above, this has led to the exacerbation of housing unaffordability and gentrification among local residents in the Centro district of Madrid, while regulation has been either too late or ineffective to mitigate these effects. Therefore, the fight for the 'right to the city' and the right to an affordable home will require further mobilization and struggle, as "rights are always the outcome of political struggle. They are the manifestation, the end result of collective claims made by mobilized citizens. Because they result from struggle, they are always subject to further struggle, to renewed political agitation" (Purcell, 2013: 146). However, in early 2020, the only force capable of putting a stop to Airbnb's expansion has been the Corona-virus.

SECTION 5: RESULTS AND DISCUSSION

“the pandemic has allowed us to observe the high volume of housing extracted from the residential market to be disposed of on Airbnb. This leads us to think about the effects this has had on the supply of housing to live in, on the price of rents or the volume of local residents who have been displaced due to these causes.”

- Pablo Martinez (APPENDIX A)

It goes without saying that Covid-19 has had a profound impact on the travel industry – directly affecting Airbnb bookings. Now, there is much concern about what most are calling the ‘next normal’. When will travel resume? What does the future of Airbnb look like? Will it be better than the Airbnb before the pandemic? And what will the housing market in Madrid look like after the pandemic? These are some of the important questions that remain to some extent unclear. Thus, the aim here is not to predict the future, but rather to analyse the trends and patterns currently altering the Airbnb landscape, to provide insight into some of the possible future scenarios of Airbnb in Madrid. To provide insight into these conditions, several aspects affecting Airbnb will be analysed separately. Firstly, it is important to understand both the changing dynamics of Airbnb hosts and guest – as they play a key role in determining the future of the industry. Secondly, the political and regulatory landscape revolving around Airbnb must be investigated, both on the local (PEH) and EU level (Digital Service Act). Thirdly, the shifting nature of Airbnb and Big Tech are analysed. Only then can we critically analyse to what extent a more sustainable Airbnb model is probable in Madrid’s central district. Lastly, the alternative home-sharing app ‘Fairbnb’ is analysed, both in terms of its competitiveness to Airbnb, as well in terms of providing an example of a sustainable comparison. Thus, these ‘conditions of possibility’ aim to shed light on some possible factors affecting the future of Airbnb in Madrid.

5.1 Possibilities for Change from Airbnb hosts

“270 apartments in the centre of Madrid have been uploaded to idealista in the last 24 hours...Looks like Airbnb is not that popular anymore?”

Javier Gil (2020)

Since the onset of the pandemic, rental prices in Madrid have dropped 8% (CMM News, 2020). Additionally, scrapping data from AirDNA on May 20th, 2021 demonstrates a drop in listings as well as the percentage of listings compared to housing stock, in comparison to September 11th, 2018 (Figure 13 and 14). One of the main reasons for this drop in listings is that many hosts are moving their Airbnb properties onto the long-term rental market, in an attempt to salvage losses.

	Sol	Cortes	Justica	Palacio	Embajadores	Universidad
2018	1293	909	1067	1487	2632	1909
2021	946	640	666	1075	1519	1294

Figure 13: Comparison of the number of Airbnb listings in Central district neighbourhoods.
Sourced: modification to Caccese, 2018

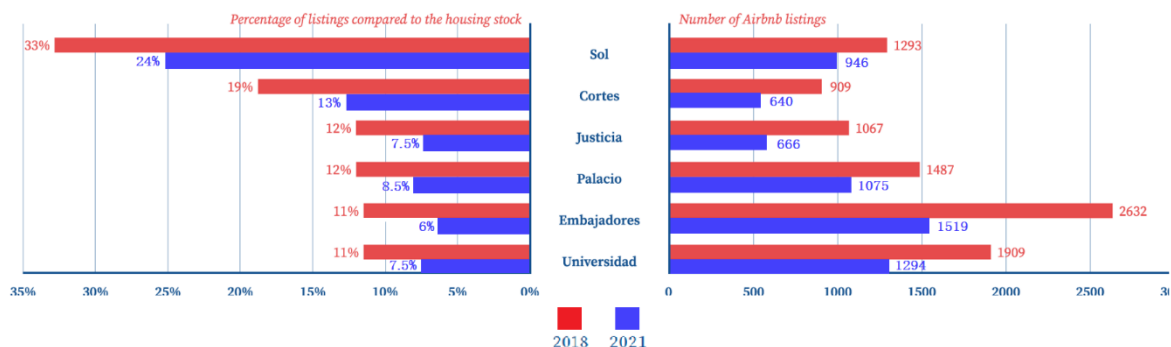


Figure 14: Comparison of percentage of listings compared to housing stock of 2018 and 2020. Sourced: Caccese, 2018

Closely documenting this phenomenon is Javier Gil, spokesman for the Madrid Tenants Union, who commented: "Another good apartment is back on the rental market", on his Twitter account on March 17th (Figure 15: March 17, 2020) (Gil, 2020). The caption translates to: "270 apartments in the centre of Madrid have been uploaded to idealista in the last 24 hours...Looks like Airbnb is not that popular anymore?". "What we are seeing is that, as the Airbnb market has temporarily collapsed, many of those who had invested in flats or even entire buildings to transform them into tourist flats are beginning to advertise them on Idealista or Fotocasa", Gil explains to CMM. Adding to this point is Fernando Encinar, Idealista's Head of Studies, who explained that "during the confinement, in the district with the most vacation rentals in the city of Madrid (Centro district) 2,000 tourist homes entered our database," (CMM News, 2020). This trend has signalled a reversal of the Airbnb effect, where previously housing was removed from medium to long-term rental markets to advertise on Airbnb. But how significant is this trend? Real estate portals seem to doubt that the number of properties moved to the long-term rental market is significant. Statistics from Pisos.com show that only 11% of vacation rentals have gone long-term. Similarly, a spokesperson from Airbnb in Spain states that there has not been a significant drop in ads on their portal (Peinado, 2020).

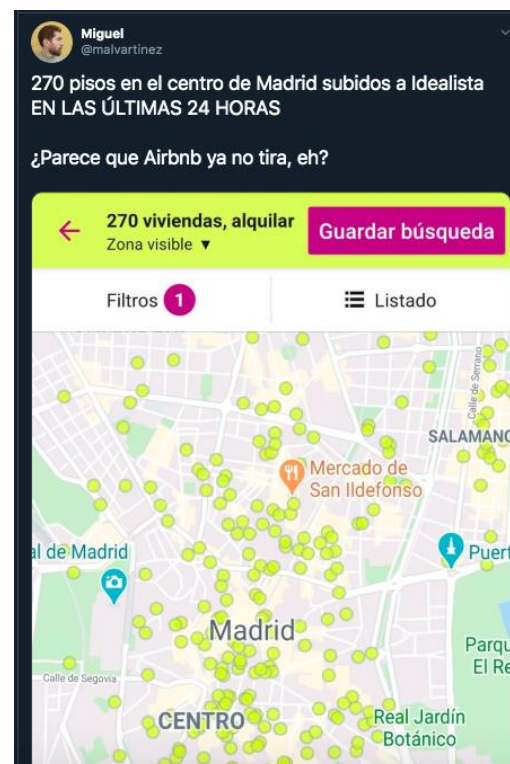


Figure 15: Airbnb movement to idealista platform. Sourced: Gil, 2020

However, what is important here is not so much how many apartments have moved to the long-term rental market, but whether they will permanently return to the long-term market, or simply return to Airbnb when the tourists return. According to Fernando Encinar, "It is still too early to be sure that these properties will definitely return to the long-term rental market" (Aranda & Figuls, 2020). Fieldwork results on this question reveal that only one (Personal communication, January 21, 2021) out of the five interviews conducted with Airbnb hosts in Madrid central district, stated that: "I moved to long-term rentals

and will not return to Airbnb any time soon” (*pessimistic* host). On the other hand, two Airbnb hosts’ (Personal communication, January 21, 2021) stated that they had not left the Airbnb platform, but would continue to wait out the storm, while another three Airbnb hosts (Personal communication, January 21, 2021) claimed to have shifted to the long-term rental market temporarily, but also planned on returning to Airbnb as soon as tourism kick-started again (*optimistic* hosts). An interesting correlation found among these responses is whether hosts chose to stay with Airbnb or not depends on the number of properties they owned. The hosts that had not left the Airbnb platform contained only one listing on Airbnb (*occasional* hosts), whereas hosts containing two or more listings (*constant* hosts), moved to the long-term rental market – be it temporarily. This confirms the results reflected in other studies (such as Dolnicar & Zare, 2020 and Bernardi, 2020) where hosts with multiple properties are more financially dependent on rental income, and thus cannot afford to wait until the passing of lockdown restrictions to continue activity, but are instead forced to adapt by either reducing rent, moving to the long-term market, or both.

According to Antonio Gonzalez, the manager of 350 apartments for large and small landlords in Madrid, whether hosts will make more money by leaving their apartments on Airbnb or moving to the long-term rental market, very much depends on location. “It’s easier to stay with Airbnb if you own an apartment in the capitals iconic Plaza Mayor”, he says. Additionally, many real estate experts suggest that the pandemic might not be enough to cause a shift to the long-term market. They explain that this is because this shift represents committing to a tenant for five years – as required by law – a trade-off that many landlords are not willing to make. However, the government of Spain is allowing ‘seasonal leases’, allowing landlords to avoid making long-term contracts (Krouk & Almeida, 2020). Thus, many owners are attempting to sign short-to long-term rental periods (a couple of months), in the expectation that tourists will return soon. This was confirmed through one Airbnb host interview where a one-year contract was signed in a former Airbnb apartment, with the condition that after one year, he could either renew the contract or “the people there will have to leave” (APPENDIX C). Thus, thinking that due to a lack of tourist demand, property owners and investors will start making long-term (3-5 year) contracts is highly unlikely (Cocola-Gant, 2020). According to Martinez (APPENDIX A), “these homes have never had the intention of returning to the residential rental, they have only been available in ‘idealista’ to rent them for months until the situation recovered”. Here he explains that it is not so much that the “tourist-use housing will not return, [but rather that they], will not be able to return in a normal way to residential rental...That is to say, in the process of conversion from residential to tourist dwellings, these dwellings have been transformed so much that now, they do not meet many criteria of habitability”.

To fully understand this phenomenon is to understand the flexibility that Airbnb offers. Even during the pandemic, the flexibility here means that property holders can move back and forth to other forms of rental (short/during/long-term) during times when those forms are more profitable. In Madrid, although there has been a rise in medium and long-term rentals (on idealista), the number of listings on Airbnb has not dropped

12.582 casas y pisos en alquiler en Madrid

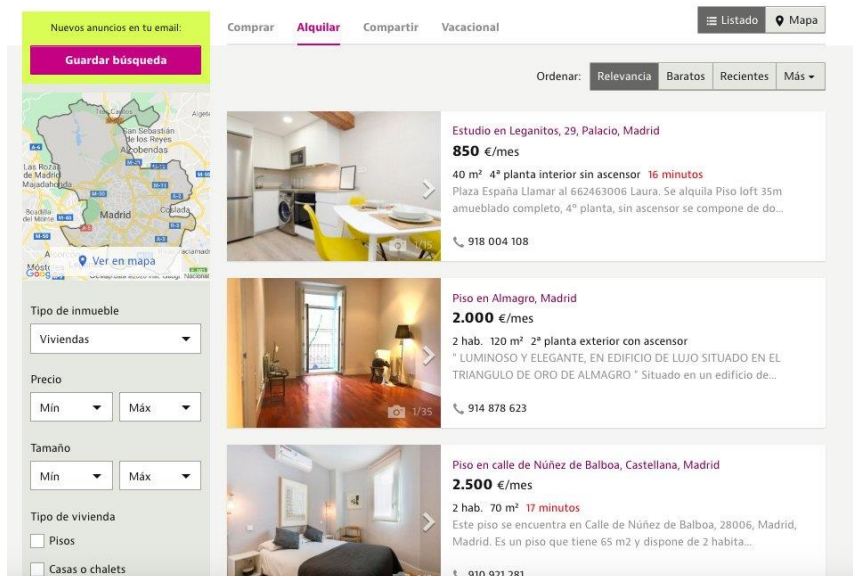


Figure 16: Airbnb movement to Idealista platform. Sourced: Gil, 2020

significantly. Javier Gill has Tweeted the situation where the same properties are listed both on Airbnb and other medium to long-term rental platforms simultaneously (Figure 16). Here he writes “of the first three ads that come out, two are still being rented as housing for tourist use on Airbnb and other platforms, but also on Idealista” (translated from Spanish) (Gill, 2020). AirDNA, vacation rental data and insights company, has even advised this as a strategy stating that hosts should offer stays longer than a month, with the intention of renting for a few months, only to return to short term touristic rentals again (Cocola-Gant, 2020). This was precisely the strategy of one Airbnb hosts who when asked if he would return his property from the long-term market back onto Airbnb, answered “That’s the plan” (APPENDIX C). But does this mean that Madrid will once again see evictions return when the tourists start booking Airbnbs again?

At the very least, evictions in Spain had been suspended until May 9th, 2021. This is because the Spanish government approved a Royal Decree-Law during the pandemic to tackle situations of social and economic vulnerability in terms of housing. José Luis Ábalos, Minister for Transport, Mobility and Urban Agenda, stated that the new legislation aimed “to preserve the constitutional right to housing and to protect the most vulnerable people and families, together with landlords’ (La Moncloa, 2020). Additionally, in an attempt to leverage the pandemic as a vehicle to claim back long-term residential housing, and possibly prevent evictions, the Madrid City Council, through the EMVS (Empresa Municipal de la Vivienda y Suelo), also launched a new Comprehensive Municipal Rental Plan called ‘Reviva Madrid’ to increase the local rental supply in the capital – allowing tenants to obtain more affordable conditions to access them (EMVS, 2020). According to Madrid’s municipal data, there are about 14 000 tourist rentals of which the large majority are Airbnbs. However, with the outbreak of the coronavirus, many are empty. Thus, the ‘Reviva Madrid Program’ aims to guarantee monthly rental income to owners of touristic housing that are in disuse, if the owner cedes his/her empty home to the EMVS for a specific period of time, without obviously losing ownership of it (EMVS, 2020). However, Fuchsel (APPENDIX B), revealed how sceptical

he was about the Reviva Madrid Program, stating that it “is not a serious initiative in order to improve the conditions of the city”, adding that the plan does not go far enough.

In conclusion, it would be naive to expect any significant changes resulting from the actions of Airbnb hosts, as the shift from Airbnb to the long-term market seem to be either too small or only temporary. Additionally, the Reviva Madrid program appears to be only a weak attempt to rescue housing stock for the traditional residential market.

5.2 Possibilities for Change from Airbnb Users

“We don’t know exactly when travel will return. When travel does return, it will look different” – Brian Chesky (Ledsom, 2020)

Shortly after the Corona-virus outbreak, Brian Chesky stated that “while we know Airbnb’s business will fully recover, the changes it will undergo are not temporary or short-lived” (Clark & Newcomer, 2020). Although there are many variables underpinning this statement, one important aspect to consider is the psychological one. In other words, understanding how the human psyche will adjust to the opening up of tourism will be an important factor determining the future of Airbnb. Regarding this, Chesky states that “[This] doesn’t mean travel is over, just the travel we knew is over, and it’s never coming back...people don’t want to get on planes, they don’t want to cross borders, they don’t want to travel on business, they don’t really want to go to cities... What they want to do is get in a car and travel” (Ledsom, 2020). On the contrary, if we are to draw predictions from the SARS experience, several studies noted the risk-taking behaviours travellers took during and shortly after the epidemic (e.g. Lau et al., 2004). Similarly, some reports also note that travel resumes to normalcy as soon as the situation allows it (Dombey, 2004; Zeng et al., 2005). So which is it then? Will people continue travelling to urban centres and booking Airbnbs? Or will travel shift towards more nature orientated tourism – releasing inner-city centres from the high concentrations and negative externalities of Airbnb?

According to Dolnicar & Zare (2020), demand for Airbnb will increase rapidly again, but will however not reach the same level as before the pandemic. Here they also point to the possibility of the shock of Covid-19 permanently lowering the demand-side of Airbnb, stating simply that this phenomenon is “not inevitable”. A contradictory claim considering that in April 2021, Brian Chesky told CNBC that Airbnb will need millions of new hosts to meet demand as the world exits the pandemic (Shelvey, 2021). In fact, Airbnb has the goal of having a billion guests by 2028 (Sam & Veren, 2020). The question then is, can we rely on Airbnb users to alter their travel behaviours in ways that are more sustainable?

To investigate the changing travel behaviours of Airbnb users, millennials (age 25-44) were targeted for interviews (n=26) as they constitute around 60% of all Airbnb users (Smith, 2021). However, Airbnb users aged 44-60 were also target (n=2), making a total of 28 interviews. Here, four factors were considered to be important in determining the future of the Airbnb industry, namely, the ethical travel considerations of Airbnb users, the changing type of tourism people now crave, the change in the type of Airbnb

accommodation bookings (single/shared room or entire apartment) Airbnb users are making, as well as the changing nature of business travel.

Firstly, Airbnb users (APPENDIX D) were asked to comment on their sustainability concerns when booking Airbnb's before as well as after the pandemic. The majority of Airbnb users (24/28) argued that cost always came before any conscious concern for the socio-economic consequences of their choice of booking. For example, 'Airbnb user A' (age 25) stated that "usually I have not been in the economic situation to make a choice in how sustainable my booking is". Similarly, 'Airbnb user B' (age 26) stated that "I wouldn't say it determines whether I book or do not book something. My own economic situation is what I am looking at when I book accommodation." However, 'Airbnb user C' (age 27) claimed that although he still booked Airbnbs, he does "have some concerns and tr[ies] to book away from the city centre", while also stating that he "[tries] not to go to gentrified neighbourhoods". However, it must be questioned to what extent Airbnb can be used sustainably in Madrid's Centro district. In an interview with Veren (Personal communication, May 17, 2021) from 'alternative travellers', she sympathized with this, stating that "I honestly don't think that Airbnb can be used sustainably in Madrid".

It must also be noted that conscious travel is a matter of being informed, as well as having an alternative option. As stated by 'Airbnb user D' (age 28) "I cannot see the type [or] extent of damage that can be caused by such a thing. Of course, If I realise it is causing damage in a city I will try to avoid it. But then again, do I have alternatives. That's another question. I need an alternative." Building on this point, 'Airbnb user E' (age 27) exclaims that "how can I know what is sustainable or not? I think that is not even something that is labelled with Airbnb. I haven't seen it. So I don't know to what extent Airbnb recognises that something is sustainable". Similarly, 'Airbnb user F' (age 26) states that "nine times out of ten, I couldn't find an alternative and I had to use Airbnb." Thus, at least in part (4/28 Airbnb users), one aspect preventing people from booking more sustainably was the lack of 'sustainable transparency' regarding different Airbnb listings.

Secondly, the majority (22/28) of the Airbnb users stated that although the pandemic has not prevented them from travelling and using Airbnb. For some (7/28) what has changed is the type of Airbnb apartment they now book. For example, 'Airbnb user G' (age 29) stated that "the pandemic and the need for social distancing has only reinforced the tendency to book the entire place". Similarly, 'Airbnb user H' (age 29) states that although "the entire apartment has been my dominant option on Airbnb, the pandemic does give me one more reason to insist on it". 'Airbnb user D' (age 28) also stated that "I was mainly searching for a studio on my own after the pandemic because of my previous experience having to isolate three times. It is especially annoying when you are sharing bathroom/toilets/kitchen/common spaces." However, because the pandemic has created a new economic crisis, some people have less money to travel, and thus there is a lot of pressure on cheaper accommodation options (Rihelj, 2021). For example, 'Airbnb user O' (age 32) noted that he switched from booking entire Airbnb apartments to only booking a room in a shared apartment, mostly due to financial constraints as a result of the pandemic.

Thirdly, leaning on Brian Chesky's (Live Discussion, January 14, 2021) expectation regarding tourism changing forever and becoming more nature orientated, Airbnb users were asked about their future travel behaviours and whether big urban city centres would be avoided in favour of more nature-based or less crowded destinations. The findings reflected that 24/28 'respondents' stated that big city centres were not a concern to them. For example, 'Airbnb user I' (age 28) stated that "I am not less likely to travel to city centres because I am not afraid of getting the virus." On the other hand, 'Airbnb user J' (age 25), stated that "I'm a bit concerned about travelling to big cities and central crowded locations... I don't feel that comfortable anymore walking and sitting in places where there're people beside or around me". Similarly, 'Airbnb user K' (age 60) stated that "If sanitary conditions and Covid cases do not allow it, I prefer to not travel and stay at home", illustrating the difference in 'travel behaviours among different age groups coming out of the pandemic.

Lastly, it is also important to realise that social distancing measures during the pandemic have boosted the online work environment. Here Chesky refers to a new era of global nomads, working remotely via Zoom and/or Slack, who can work anywhere for weeks or months at a time. "I thought that would take about 10 to 20 years to happen," Chesky says. "With COVID, that accelerated it." (Landy, 2021). Now Airbnb's are frequently becoming the chosen accommodation for remote workers or digital nomads. For example, 'Airbnb user L' (age 29) has claimed that "my girlfriend and I both have online work, we are planning of jumping around to different Airbnb's in different cities and working remotely".

Thus, it becomes clear that the push towards a more sustainable Airbnb model is unlikely to come from Airbnb users, as the majority of Airbnb users either plan to resume normal travel behaviours shortly (booking Airbnb's in city centres), are more driven by financial considerations than social, or are either not aware of any sustainable alternatives or are not able to ascertain whether their booking habits have negative externalities or not. Thus, perhaps it is a strong social regulatory focus that must mitigate Airbnb's negative externalities.

5.3 Possibilities for Change from Local Regulation

"They [current City Council] declared that they would change the regulation for touristic apartments, but they haven't done [anything] in this two years"

Hector Grad Fuchsel (Appendix B)

The narrative to 'build-back-better' during the Covid-19 pandemic has helped channel momentum for the stronger regulation of Airbnb and the promotion for better housing policies all over Europe. What is needed is proactive policy and regulation to ensure we do not return to the previous state of evictions, gentrification and displacement. This will entail that citizens remodel regulatory controls in accordance with social goals that place housing as a human right at the centre (Lopez-Castellano & Garcia-Quero, 2019). Thus, an analysis of the political landscape can help ascertain to what extent the Covid-19 pandemic has helped channel better Airbnb regulation in Madrid.

Spain's new government (coalition government) signifies a hard swing to the left. The presence of 'Podemos' in government with Iglesias acting as Vice president and his wife as Minister for Equality, puts Marxists in the government for the first time since the civil war. The Marxist rationale is made clear by

how the government aims to position housing as a central issue in government by imposing rent controls, preventing evictions, trying to prevent housing speculation, as well as putting a stop to illegal tourist rentals. However, despite Podemos constantly pushing this agenda, illegal holiday lets, speculation, and evictions have not stopped (Stücklin, 2020). Additionally, although national government presents a leftist stance, the municipal government of Madrid is in conservative hands, making it difficult to be optimistic (Walker, 2019). Furthermore, with Isabel Díaz Ayuso from the Popular Party winning the regional May 2021 elections, Madrid now faces both a local and regional

government from the right, where according to Martinez (APPENDIX A), means “a setback in terms of the right to the city. It means that we are back to square one”. To further elaborate on this point, *figure 17* paints a *laissez-faire* picture regarding the future of the Airbnb regulatory landscape. As shown here, the Popular party does not appear to support any strict regulation of Airbnb nor much social support for the local housing market. In agreement here is Urquiaga (APPENDIX E), who states that “this is not a priority for PP, in the best scenario. In the worst, they will encourage tourist rentals”.

However, during the pandemic, the TSJM has mobilised policy in favour of stronger Airbnb regulation, by bringing into force the PEH as previously adopted during Carmena’s run in office. The acceptance of Carmena’s PEH (despite the disapproval of the ruling party) in February 2021 has effectively rendered almost all Airbnb’s in the city centre illegal. However, according to Fuchsel (APPENDIX B), both the current city council and the previous one (Carmena), didn’t apply the existing regulation. He states that “they [current City Council] declared that they would change the regulation for touristic apartments, but they haven’t done [anything] in this two years. [They] did not present any serious draft of the current regulation. We [FRAVM] are suspicious that the regulation will legalise some part of the touristic apartments. For instance, erase the separate entrance measure”. Fuchsel (APPENDIX B) adds that “In our neighbourhood, the urban plan defined clearly that most of the buildings are for residential use and you can’t open any tertiary or touristic activity in these buildings. [However], they created a *laissez-faire* space where people could take any business initiative without any enforcement of the law. For example, ...you can go and say, I will open an apartment here and here, and they [the City Council] don’t ask for any further documentation...they don’t ask for the approval of the city or the neighbours of the building”. Similarly, according to Martinez (APPENDIX A), “what has happened in the city has more to do with the political commitment to act on this problem than with possible errors or deficiencies in the agreed measures. In addition to a stronger focus, more will to act is needed, even if it is based on the measures already approved.” Thus, today Madrid is not facing an issue of a lack of adequate policy, as much as it

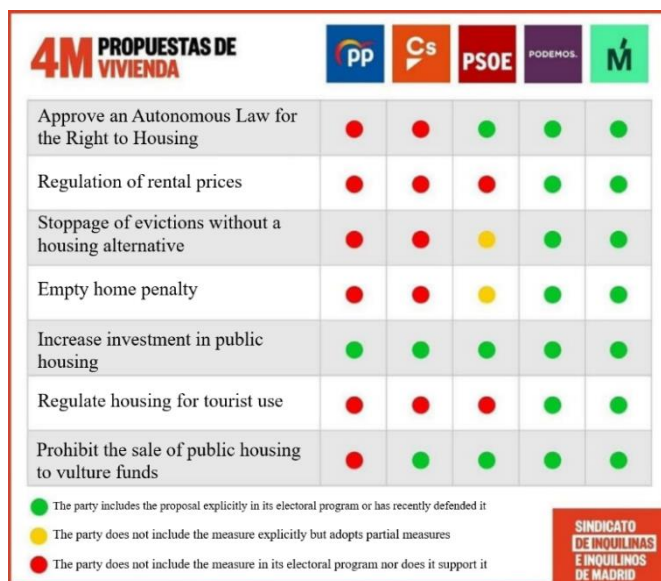


Figure 17: The proposals of the political electoral programs for the elections of the Community of Madrid on May 4, 2021. Sourced: *inquinatmadrid*, 2020

faces a problem with a lack of enforcement. Additionally, despite the PEH, according to Fuchsel (APPENDIX B) “the community for a long-time was giving permits of operation without any verification of that law. One of the problems is that they [the city council] does not have enough inspectors in order to visit touristic apartments to verify the conditions”.

Additionally, Martinez (APPENDIX A) stresses that “the limitations and problems I find in the plan have to do with the lack of explicit recognition of the actors within the platform that are generating these effects in the city. In my opinion, in order to address the problem from an administrative perspective, it is necessary to recognize the presence of companies, investment funds, speculators, etc.” In this case, Martinez (APPENDIX A) adds that “the approved plan is not able to put limits to the actions of these entities or to their speculative capacity”. However, for this to be implemented, it would necessitate the sharing of data between Airbnb and the Madrid City Council– a huge barrier considering Airbnbs reluctance to share data with local governments. This has impeded the efforts of local governments to accurately measure the effects of Airbnb on their cities.

For example, one of the biggest barriers to Airbnb regulation is the difficulty with accessing Airbnb’s data regarding illegal listings, addresses, hosts etc. Thus, central to this debate should be how access to data should be understood as part of wider data politics concerned with “how data is generative of new forms of power relations and politics at different and interconnected scales” (Ruppert et al., 2017, 2). This has given rise to InsideAirbnb, an independent, non-commercial set of data that aids local governments to explore the Airbnb situation (Muldoon, 2020). In other words, Inside Airbnb provides users “the data that Airbnb doesn’t want you to see” (Forthomme, 2017). Thus, cities have, to different degrees, been able to revise regulations in light of this new data. Nonetheless, some data simply cannot be captured by InsideAirbnb. Accessible data only includes the number of nights reserved and the number of guests, but hosts remained anonymous. For Ans Persoons, head of urban planning in Brussels, the agreement is far from adequate, “it is in no way a significant step forward [...] We need the names and addresses of property owners operating along with the number of nights [...] These platforms are not prepared to hand over this information” (Coupechoux & Clark-Foulquier, 2020: 10). Furthermore, the lack of accountability from Airbnb to self-monitor any violation of local regulations is not present. In fact, according to Dorrit de Jong (Live Webinar, November 18, 2020), a member of the Green party in Amsterdam, Airbnb has rejected the request by the local government to monitor illegal activity and thus, not only is there a lack of compliance on this issue, but Airbnb has been facilitating illegal activity. Additionally, Zdenek Hrib (Live Webinar, November 18, 2021), Mayor of Prague stressed that mechanisms should be made available where local governments can notify Airbnb of illegal listings, and thus hold Airbnb responsible for eliminating them.

Thus, because of the difficulties regarding the lack of resources for enforcement and/or political will, “cities crucially depend on the goodwill of platforms in order to successfully enforce their regulation” (Soberstrom & Mermet, 2020: 1). And since Airbnb is not willing to adhere to any regulation that either threatens their monopoly interest or goes against its economic interest, it would be naive to expect Airbnb to compromise on this front. Therefore, according to Virginie Toussain (Live Webinar, November 18,

2021), a legal expert at the Union Sociale pour l'Habitat, regulatory focus, ought not to be channelled through housing policies alone, but also through the Airbnb platform itself. She states that because the enforcement of housing regulation is difficult and requires many resources. It is easier to regulate the platform. These are some of the concerns that have been brought before the EU. Thus, in June 2020, the European Commission announced a new initiative - the Digital Services Act (Coupechoux & Clark-Foulquier, 2020).

5.4 Possibilities for Change from the 'Digital Service Act'

"We need European and national regulation which allow for better public governance of the global tourist market, to guarantee the right to housing. Cities need a European legal framework that protects the capacity to act on the housing market, and demands cooperation from holiday rental platforms"

- Janet Sanz (Live Webinar, November 18, 2020).

On 15 December 2020, the European Commission released its Digital Services Act (DSA). With the implementation of the DSA by the European Commission, Airbnb and other platforms will now be forced to become more transparent. Before then, according to Andrej Savin, Director CBS Law and DSA expert, cooperation from online platforms were limited under the more liberal e-commerce rules. Similarly, the European Committee of the Regions admitted that platforms were radically different from traditional business models of which the existing EU regulations were based while acknowledging that a thorough update was necessary, and that the 'Digital Service Act' played a big part in that process (Vidal, 2020). As mentioned before, the implementation of the DSA is an opportunity to rethink these dynamics. It acknowledges that Airbnb and platforms alike, ought to be liable for the externalities they produce. According to the Mayor of Bordeaux, Pierre Hurmic, (Live Webinar, November 18, 2020) "online problems go beyond the online realm" and thus, "what is illegal offline, must also be illegal online" (Live Webinar, November 18, 2020). Thus, the DSA ensures a more powerful regulatory and enforcement tool for local authorities. This represents more than merely a stronger form of regulation and/or a toolkit for governance. It represents a form of social innovation, a form of 'technological sovereignty' – where democratic public control is reclaimed over data control and governance, through increased transparency and collaboration.

According to Murray Cox (Live Webinar, November 18, 2021), founder of InsideAirbnb, most cities adopt three types of strategies and these need to be supported by the DSA. Firstly: *Demand for data*: Here, Airbnb often disguises the severity of the problem by providing data at a larger scale. Thus, "Data cannot be aggregated to the city-wide level. It needs to be down to the neighbourhood level" to ensure a more accurate representation of the reality. Secondly: *Registration and permit systems*: Here Cox explains that data needs to include addresses, as well as permit numbers so that illegal listings may more easily be recognised. However, correct addresses must be ensured, as in the case of Barcelona, 60-70% of listings

were listed under fake addresses in an attempt to circumvent regulation. Lastly, and most importantly: *Platform accountability*: Platforms must be responsible for ensuring that listings that do not comply with the regulations are removed. This can be done, for example, by checking that the municipal registration numbers are displayed. It is also important that this policing cannot be left to the goodwill of platforms, as, according to Cox, self-regulation has so far failed. This point was stressed specifically by Cox stating that “data sharing is simply not enough, Airbnb must be forced to comply with regulation for it to be effective”. Also addressing the issue of compliance, Urquiaga (APPENDIX E) states that “it [the DSA] won’t be enough if not supported by other levels of government (national, regional and/or local)”

Furthermore, it can be argued that the European Union should not only facilitate this process of regulation through legislation but also by financing research, cooperation and exchange of best practices between municipalities on the matter (Bosma, 2020). As proposed by MEP Kim van Sparrentak (2021), “the European Commission should also evaluate how EU policies are contributing to the financialisation of the housing market and, if need be, present legislative proposals to combat the market logic of housing as a commodity over a social right”. Thus, the DSA represents a new regulatory toolkit, which holds the potential to alter the Airbnb landscape, however, due to the recent nature of the reform, an investigation of its effectiveness on Airbnb’s in Madrid as well as within the EU is, at the time of writing, not yet possible. However, beyond external regulatory factors, there have been several other dynamics affecting Airbnb, questioning the possibility for some internal changes to the model.

5.5 Possibilities for Change from a shifting Airbnb landscape

“Airbnb will recover, [and] that it may even grow”

- Pablo Martinez (Appendix A)

It is largely true that Big Tech platforms now wield more power than most national governments, as these platforms increasingly sit in the ‘control rooms of cities’ (Sonderstrom, 2020). Thus, they cannot be treated as merely ‘technological intermediaries’ anymore. For example, the situation that took place on January 6th, 2021, when American pro-trump supporters stormed and forcefully occupied the Capitol building, set forth a global debate. Not so much about the political instability of the U.S during this time, but rather regarding the reactions made by several tech companies such as Twitter, Facebook, Reddit, Pinterest, and YouTube. During the chaos, these platforms took it upon themselves to permanently suspend Donald Trump’s account on the accusation of him inciting violence during the presidential campaign. In other words, these platforms acted as self-appointed vigilantes in the name of the public good. This is a radical shift in the philosophy of Big Tech, where previously many of these companies have refused to take responsibility for the content that appeared on their platforms, arguing that they are not publishers but merely open-source platforms. However, with the act of suspending Trump’s accounts – they set a precedent for corporate social responsibility (Patnaik, 2021).

A similar occurrence happened with Airbnb where the rental platform cancelled bookings in the Washington D.C. area for President Joe Biden’s inauguration after law enforcement warned against a

threat from armed militias. Chesky remarked that he did not want the platform facilitating people travelling to commit violence in communities. What this means is that Airbnb had also taken actions based on an acceptance of responsibility for the potential consequences stemming from Airbnb. This is one example of how platforms and local government institutions can work together collaboratively, in pursuit of the public good. Occurrences such as these have the ability to modify the way in which public institutions articulate their relationship with these types of platforms. But is the reverse true? In other words, will Airbnb rearticulate its relationship with public institutions, in the name of the public good? This would entail a break away from the capitalistic logic of Airbnb, where real estate empires dominate Airbnb activity and contribute to gentrification and displacement, towards the original ethos of Airbnb, where individuals simply rented out 'excess' space.

This is a point that Chesky has often repeated, stating that Airbnb needs to be "getting back to our roots" – a phrase emphasising the post-pandemic strategy of Airbnb to return to prioritizing the "everyday people" or individual hosts, who list their own homes. On the surface, this appears to be positive for regulators, in which after years of political warfare, are offered a possibility of *détente*, where a rebalancing of Airbnb is said to occur. Even Chesky admits that "absolutely we have more tension in urban areas". However, many housing activists are sceptical that Airbnb's new 'softer touch', is anything but a temporary strategy. This is ironic for Chesky who recently stressed in an interview with CNBC that in order "to meet the demand over the coming years, we're going to need millions more hosts." There appears to be a contradiction here, as according to Murray Cox, "If they go back to what most people think of as 'home sharing'—either occasionally renting out a home or part of a home—the market would become much smaller" (Landy, 2021).

According to Martinez (APPENDIX A), "Airbnb will recover, [and] that it may even grow. There are so many interests at stake, on many sides, that the Airbnb model, which mixes platform capitalism and the financialization of housing, cannot be allowed to fall." This became evident with the releasing of Airbnb's IPO on December 9 2020, where some big players are getting involved, and channelling millions of dollars into transforming residential housing estates into tourist rentals. Thus, investors are betting that the company still has plenty of room to grow (Landy, 2021). This means that investors still have a lot of appetite for Airbnb, despite the damage the COVID-19 pandemic have done (Quast, 2021). Additionally, the Spanish economic and business newspaper, *Expansión*, reports that the start-up, backed by international investment funds such as Blackstone and WestCap Group, is exploring opportunities to add new hotels and apartments in the Spanish capital to its portfolio (Gual & Leda, 2021). Thus, it is possible that Chesky's "getting back to our roots" is merely a temporary move to 'follow demand' in order to remain competitive with other accommodation offers such as VRBO, rather than an attempt to create a more socially sustainable Airbnb model.

5.6 Possibilities for Change from Alternative Home-Sharing models

“We hope we can invite other platforms to think about their own model”

– Jonathan Reyes (APPENDIX F).

If we are to talk truly of a more sustainable Airbnb model, all actors must be regarded as agents of change - an idea Scholz terms platform cooperativism (Scholz, 2016). There are several examples of such alternatives - where the focus is to create an accommodation offer that is more democratic, sustainable and rewarding for the entire community. Such examples include: Be welcome (a non-profit travel and hospitality exchange platform); trustroots (built by activists who felt that the world of sharing is being taken over by corporations trying to monetize peoples' willingness to help each other) and the largest of the alternative accommodation platforms, Fairbnb.coop (a tourist rental platform hoping to challenge the extractive model of existing holiday rental platforms such as Airbnb). Here, Fairbnb's business model is used as an example to depict how sustainability can be built into platforms, as well as a possible alternative to Airbnb. Fairbnb's story began in 2016 in Venice, Amsterdam and Bologna, in an attempt to create a market solution that transforms tourism from a problem to an opportunity for local communities, by closely adhering the three pillars of sustainability, namely, social, economic, and environmental sustainability.

Firstly, *economic sustainability*: By shifting the community to the centre of the model, Fairbnb.coop invests half of the 15% commission (*Figure 18*) charged when a booking is made, into social projects chosen by the hosts and travellers. Thus, according to Jonathan (APPENDIX F): “One of our major goals is to leave most of the revenue in the territory where these revenues are created”. Contrary to Airbnb where due to a large proportion of Airbnb's host either being global real estate companies or transnational capitalists, revenue is extracted out of the local economy that otherwise would have remained within it (Davidson & Infranca, 2016). Thus, whereas Airbnb aims to maximise profit for its hosts, Fairbnb.coop only keeps as much as is required to continue running the platform, investing the rest into social projects enabling Fairbnb to make a genuine contribution to the community (Muldoon, 2020).

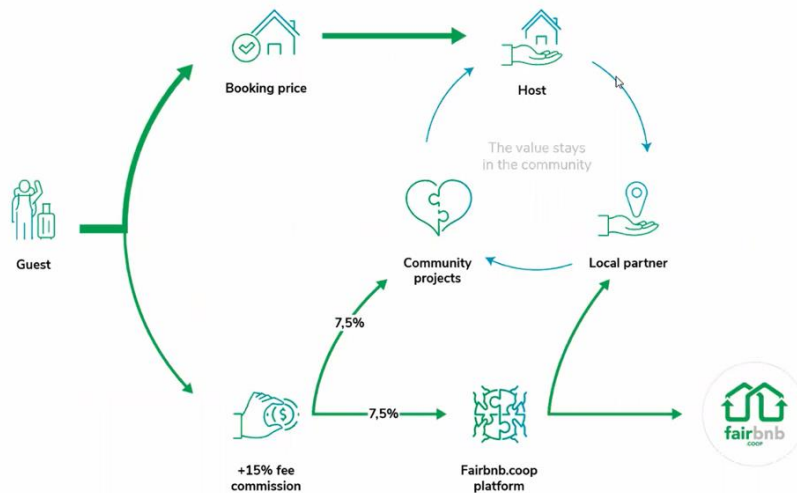


Figure 18: Business model of Fairbnb. Sourced: snapshot from online interview with Jonathan Reyes

Secondly: *social sustainability*: According to Jonathan, “this means that for example, we don’t want to affect the capacity to access housing for local communities. So we have our ‘one-host-one-house’ policy. With our platform the hosts can just list one apartment. So what we want to avoid are these dynamics that you already know, that big companies buy many apartments and put them in this platform and then the rest of the people cannot find a house.” Thus, Fairbnb.coop aims to prevent landlords from removing property out of the local housing stock (Muldoon, 2020), a factor most prominently associated with the ‘Airbnb effect’. Unfortunately, in terms of Fairbnb’s ability to compete with Airbnb, this acts as a major disadvantage. Airbnb’s growth is largely in grace of the types of hosts (*Capitalist hosts*) who run real estate empires on the app.

The second point under social sustainability relies on the way the model of Fairbnb is constructed. Jonathan states that “We are a cooperative. Thus, we involve local communities in the governance of the platform, so they can participate in defining how the platform works in their cities or territories. They can vote for the people who manage the cooperative, and they can also define the workers’ rights, income and all these things.” Thus, the model is based on democratic and bottom-up approaches as it is communities themselves that decide on which regulations should govern each city. A philosophy that stands in stark contrast to that of Airbnb, where Airbnb’s deep pockets and eagerness to fight regulatory battles around the world, have shown themselves to only act in favour of the public good when it does not threaten their economic or monopoly interests.

Lastly, *environmental sustainability*: Here, Jonathan mentions that “we are now implementing a system (peer-to-peer reputation system) on environmental sustainability. Our idea is to track and promote sustainable practices in our hosts and in our guests. For example, you can evaluate how sustainable a house is, where you go as a guest. And you can also track how you are travelling (if you are using a train or a plane; how long you are living in a place etc.). So our idea of a ‘Super Host’ is not a host that has a nice house (as is the case with Airbnb), but is a host that is sustainable, and connected to local communities”. Thus, Fairbnb offers the type of sustainable labelling mentioned previously by several

interviewed Airbnb users. Additionally, two Airbnb users expressed a desire for a reconnection with the original ethos of Airbnb, where 'Airbnb user M' (age 26) stated that, "what is sad is that [Airbnb] could actually offer a lot of good things, like cross-cultural encounters, meeting people and getting to know a place really well. But now it's sad that it has reduced down to only a mechanical function. So I think it really shifts away from, the essence of what Airbnb used to be like." Similarly, 'Airbnb user N' (age 28) stated that "at first when I started booking [Airbnb], it was really local people renting out their home. But now I realise it has become more monopolised and I don't like that. But unfortunately, those are the cheaper options that I have to go with."

Thus, it is clear that Fairbnb.coop presents a more sustainable model to Airbnb. But to what extent has the rationale to 'build back better' during the pandemic, positioned Fairbnb.coop as a viable alternative to Airbnb? According to Jonathan "there are even more actors and different stakeholders that are approaching us even more now than before, because it has become evident that the Airbnb model is not sustainable anymore. And I think people are looking for something different for after the Covid situation. So what we are doing now is taking advantage of this moment to build new communities, to improve our platform, and to make relationships with bigger stakeholders. And I hope that this will even be good for us to grow in the future." However, although Jonathan mentioned how the pandemic aided their expansion into Madrid, even if it is true that city officials welcomed Fairbnb into the city, it is unclear whether it will achieve any success in replacing Airbnb, or even becoming a close competitor. According to Jonathan "local governments are really happy to receive us", however, they have already had problems with Barcelona, where social housing organisations have expressed their scepticism of accepting yet another home-sharing platform into the city. A similar finding was found when interviewing Fuchsel (APPENDIX B), where he exclaimed that "The thing is that we are already overcrowded. We do not need any more touristic apartments. I really don't see how this idea could be implemented in the city".

CONCLUSION

The unsustainable development of the tourism economy has remained an unquestionable solution for the economic crisis, especially in Madrid. This paper sought to position Airbnb within this narrative, while drawing upon its development, difficulties, conflicts, effects due to the Covid-19 pandemic, as well as possibilities for sustainable change coming out of the pandemic. At the beginning of this paper, an argument developed to problematize the Airbnb phenomenon in the Centro District of Madrid. Firstly, concerning conceptual ambiguity, the literature revealed how what was traditionally promoted as a proponent of the sharing economy, can at best be labelled as pseudo-sharing, and in the worst case, a digital extension of the capitalist economy. This was demonstrated through analysing how the development of Airbnb's business model has shifted away from its original ethos of 'home-sharing' towards a commercial practice run by 'capitalist hosts', where Airbnb facilitates buy-to-let investments fuelled by transnational capital. This was particularly evident in Madrid where statistics reveal how 'capitalist hosts' control around 68% of the market. Secondly, Airbnb was rigorously subjected to the critical rhetoric of Marxism, showcasing Airbnb's role as the 'spatial fix' solution to capitalism's over-accumulation crisis. Here, Airbnb's business model was shown to be tightly interwoven within the global financialisation and speculation of housing, accumulating benefits into only a few hands, while creating problems for the rest of society. This can be seen by how Airbnb has removed large portions of Madrid's local housing stock to capitalise on higher returns for tourists. Thirdly, Airbnb has been problematized in relation to its un(der)-regulated terrain, and how this has facilitated the professionalization of its activity. Here Airbnb regulation in Madrid - most notably the PEH - has been shown to have been either too ineffective or too late, and thus allowed Airbnb listings in Madrid to soar to the extent where 52% of the cities offer resided within the Centro District – arguably the highest in Europe. Lastly, these three points have been shown to induce several externalities related to the local housing market such as housing unavailability, housing unaffordability and gentrification, which in turn results in the displacement of local population groups. Additionally, this has been shown to spark several resistance movements, where citizens increasingly engage in a fight to claim their 'right to the city' and their 'right to housing'.

However, the aim was not to argue that Airbnb is entirely responsible for the housing crisis in Centro Madrid, but rather that its un(der)-regulated terrain contributes to its severity. Thus, the stance on this issue has not warranted the complete abolition of Airbnb in its entirety, but rather for its controlled and equitable functioning. Thus, since Airbnb's unfretted expansion in the central district of Madrid was suddenly halted by the Covid-19 pandemic in early 2020, this time was investigated in terms of its potential to, as the saying goes, 'build-back-better'. Thus, several dynamics of Airbnb were investigated regarding their 'potential for change', and ability to direct Airbnb towards a more sustainable future. Here several actors and regulatory structures were assessed, including Airbnb's own ambitions and goals. Additionally, the significance of this investigation allows us to deepen our understanding of the role that urban governance plays with regards to the Airbnb platform (Urquiaga et al., 2019). Most importantly regarding the extent to which Madrid's government institutions will support new policy aimed at addressing the problems of Airbnb in the Centro District, as well as issues regarding the transparency and accountability of Airbnb – as defined in the European Union's new DSA. The DSA is similarly a

statement that highly political decisions affecting so many people cannot be left up to the courts, but must take its appropriate space in the agendas of the European and regional legislators (Vidal, 2020). Other actors and actants influencing the future of Airbnb were also investigated, namely, the approaches of Airbnb hosts and users to the platform, alternative home-sharing models, as well as the shifting nature of Airbnb as well as 'Big Tech' in general. However, only after receiving new data will it be possible to elaborate in more detail how these trends might affect the future of Airbnb in Madrid central district after the Covid-19 pandemic. Thus, two important questions still remain. Can we rely on the crisis of the pandemic to spark progressive and structural social change? And Will these developments be able to mitigate the negative Airbnb-related externalities on the local residents of Madrid's central district?

Limitations

1. **Lack of data:** estimating the impact of Airbnb can arguably be said to have been the most important limitation, resulting from the lack of official data. In the city of Madrid, there is no official data of the housing market and it is not updated. This limitation not only dilutes the strength of any argument regarding the externalities of Airbnb, but also served to delay any regulatory response, due to the city council assuming that gentrification effects were naturally happening in the city centre, thus underestimating the severity of Airbnb's contribution.
2. **Language:** As a native English speaker, conducting research in a Spanish speaking city (Madrid), language became quite a barrier. This affected not only the effectiveness regarding empirical research (conducting interviews), but also influenced the literature findings/articles/blogs/newspapers I read, being that I was limited by what was published in English. Thus, many published papers representing local knowledge on the situation was, at times, not accessible to me.
3. **Covid-19:** One of the obvious limitations regarding field work was the restrictions imposed by the Covid-19 pandemic. This resulted in many interviews being conducted through online platforms such as Zoom, Email, and WhatsApp. Not to mention, the fact that people's availability for interviews were naturally affected by the drastic side effects of lifestyle changes over the duration of the pandemic.
4. **Airbnb host interview:** One of the major struggles I encountered was accessibility to Airbnb hosts in Central Madrid. Due to the illegal and sensitive nature of many hosting in Madrid, many Airbnb hosts were dissuaded in talking to me about their hosting habits. Contacting hosts also proved tough, as the only channels available to me were Facebook groups and the Airbnb platform (which I was not given permission by Airbnb to use for online interviews).
5. **My own positionality:** The type of research provided here was argumentative in nature, and thus discussions and developed topics/themes sought to justify and support my own personal views. This prohibited any form of objective outlook as research was conducted with already pre-existing ideas.

End note

As an end note here I would like to briefly lay down my own positionality within the topic of this paper. Having to look for accommodation in the 4 Cities of the 4Cities program made me aware of how important housing is to one's experience of the city – including aspects such as proximity to the city centre, transport accessibility and proximity, a good living environment, etc. I am also aware that my own privileged position (as a white middle-class male with an EU scholarship) allowed me to always live in the centre, a luxury denied even too many locals due to financial constraints. Additionally, I must admit to using Airbnb many times upon my travels. Thus, I also acknowledge that by doing so, I have in fact been contributing the Airbnb effects and externalities I have described and made arguments against in this very paper. This factor allowed me to reflect on my own practices as an Airbnb user, as well as the contradictory nature to which we confront ourselves with every day.

Suggestions for further research

Firstly, it would be interesting to conduct a cross-analysis regarding which types of hosts (single or multi-listings) locations of listings and whether the property moved to the traditional long-term and not. It has only been assumed that Airbnb listings around Plaza Mayor will be more likely to withstand the Covid-19 pandemic. Understanding which areas will remain dominated by Airbnb can allow for a spatial understanding regarding which neighbourhoods are in need of increased political mobility.

Secondly, since at the time of writing it is still too early to tell how the Digital Service Act will affect the regulatory landscape and dominance of Airbnb, this is a topic that can further be investigated in Madrid, as well as cities around the world.

Thirdly, understanding the Digital Service Act from the perspective of 'digital sovereignty' and how this aids citizens in their fight for the right to the city is something that remains, in part, understudied.

Lastly, since it has been claimed that the pandemic has provoked a rekindling with nature and more 'outside the city' tourism, a study regarding how big this trend is as well as to what extent it reduces the number of Airbnb listings in city centres is needed.

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APPENDIXES

APPENDIX A: Email interview with Pablo Martinez, PHD professor at the University of Catalonia, on 2021/05/17 (Transcribed from Spanish to English with GoogleTranslate)

- Dillon:** Despite years of attempts at regulation, Airbnb has continued to expand until the arrival of the Covid-19 virus. Why has regulation not been effective? Where has regulation failed and where does it need a stronger focus?
- Martinez:** First, I think it is necessary to understand how Airbnb has expanded in the city of Madrid and to understand why the case of Madrid is a paradigmatic case. Unlike what happens in other cities, such as Amsterdam, Paris or Barcelona, in the city of Madrid, the concentration of VUTs is overrepresented in the central district. This district represents or hosts the major tourist attractions of the city, and has become the favorite place for this type of business. In the aforementioned cities, there are several districts with a high presence of VUT. In other words, it is more spread out. What has happened in the city in question has more to do with the political commitment to act on this problem than with possible errors or deficiencies in the agreed measures. In addition to a stronger focus, more will to act is needed, even if it is based on the measures already approved.
- Dillon:** How has the Covid-19 pandemic highlighted the unsustainability of the Airbnb model in Madrid's central district?
- Martinez:** For me, the answer to this question has three fundamental elements that serve to banish once and for all the positive discourse about the platform and its effects. First, Covid-19 has opened a new window through which to observe how this platform is far from being collaborative or for individuals or "normal" people. We have been able to observe and investigate how this platform is maintained by the role of professional profiles and that it is structured around them. The covid-19 has shown us in this sense how these profiles have had an organized and equal response, again an element that attacks the heterogeneity that Airbnb defends in its accommodations. Secondly, it has to do with the effects of these profiles on the real estate market during the pandemic. The strategy designed by these "hosts" has to do with the popularization of temporary rentals. Rentals that the Urban Leases Law specifies are not suitable for residence. Even so, these profiles, as the last "lifeline" in the face of this crisis, have decided to extend this new form of contract, with the ultimate goal of continuing to extract real estate capital gains, to be able to continue extracting higher rents than in the residential market and finally, through seasonal rentals and not LAU type (which minimum are 5 or 7 years, depending on the legal form of the owner), they ensure the option of returning to the tourist market when the health situation recovers. Thirdly, the pandemic has allowed us to observe the high volume of housing extracted from the residential market to be disposed of on Airbnb. This leads us to think about the effects this has had on the supply of housing to live in, on the price of rents or the volume of local residents who have been displaced due to these causes. In short, covid-19 shows us, with respect to Airbnb, the capacity of these platforms and specifically the one that concerns us, to deepen inequalities in a socio-spatial framework.
- Dillon:** In 2019, Carmona proposed the Special Housing Plan (PEH). To my understanding, this plan has already been accepted. Is this the kind of regulation Madrid needs to fight against real estate speculation in tourist rentals such as Airbnb? In your opinion, what are the advantages, limitations, difficulties and/or problems of this regulatory approach?
- Martinez:** Of course, this plan is not the one that Madrid needs, it is simply the starting point of the plan that the city needs. The speculative network invisibly woven between the companies that are dedicated to manage this type of housing is such that the approved plan is not able to put limits to the actions of these entities or to their speculative capacity. The advantages of this plan, is that it allows to lay the foundations to continue with a more direct regulation and that breaks with an issue that even being very serious, the administrations do not take as seriously as they should. The limitations and problems I find in the plan have to do with the lack of explicit recognition of the actors within the platform that are generating these effects in the city. In my opinion, in order to address the problem from an administrative perspective, it is necessary to recognize the presence of companies, investment funds, speculators, etc., whose job is to extract profitability through the hoarding of residential housing and that this inevitably has more than direct effects on the city and its composition. Addressing this problem involves putting a name to what is happening.

- Dillon:** You have already mentioned that housing rentals are moving from Airbnb to idealista (from the short-term market to the long-term market). Do you think this trend will continue when the restrictions end, or will owners simply return to Airbnb as soon as Spain opens up to tourism again?
- Martinez:** I believe, and this is what we are demonstrating in the research we are doing, and which will be published in a short time, tourist-use housing will not return, or rather, will not be able to return in a normal way to residential rental. Although during the pandemic, temporary rental (in many cases for weeks or months) has allowed tourist housing managers to continue to make profits since the rent is higher than in residential rental, these homes will not return for two main reasons;
First, due to the characteristics of the LAU and the duration of the contracts it requires, VUT managers, cannot continue with their business model since, on the one hand, the profitability is much lower in residential rental. On the other hand, the funds that are dedicated to the accumulation of homes for disposal in tourism must make investments to prepare these homes for this activity. In this sense, only the tourist market allows them to make the investments profitable, otherwise, it could mean losses for these entities. For this same reason, these dwellings will not be regularized through the LAU, because if they were, they could not be exploited in the tourist market when the sanitary situation would allow it, due to the duration of the contracts.
Secondly, it has to do with an element that I have realized with the research carried out. These dwellings, and in relation to the investments I mentioned before to make these dwellings available to the tourist market, have been transformed, through works, into dwellings where the residential activity, beyond the tourist activity, becomes impossible. That is to say, in the process of conversion from residential to tourist dwellings, these dwellings have been transformed so much that now, they do not meet many criteria of habitability. This is in addition to the fact that the professionalized profiles have specialized in types of housing that make it even more difficult to reside in any of these. In short, these homes have never had the intention of returning to residential rental, they have only been available in idealistas to rent them for months until the situation recovered, a fact that has allowed companies to continue to maintain capital gains similar to the tourist market.
- Dillon:** Now that the local government is back in the hands of the Partido Popular, what does this mean for the fight against Airbnb in Madrid Centro?
- Martinez:** This means a setback in terms of the right to the city. It means that we are back to square one and that we have to return to vindicate conquests that had already been made with respect to this matter. On the other hand, it also serves to see where each party and each actor in the city stands on this issue.
- Dillon:** Do you know the "Digital Services Law" that has been adapted by the European Union? What is your opinion about it? Is this the tool that local governments need to regulate Airbnb? How do you see the future of Airbnb in the centre of Madrid in light of this?
- Martinez:** Again, without having delved too much into this European law, I think it can be a starting point.
On the other hand, I think it can be positive as Airbnb and its professionalization (the domination of business profiles and funds) plant a war on record. An example of this is to be able to effectively and convincingly pursue companies that hide in fake profiles, an element that without being a great expert in ICT, should not be very complex. As for the future of Airbnb, we can distinguish it on two levels, one administrative and the other foresight. Regarding the first one, it only remains to say that the situation is serious enough to take action in a vigorous manner. As for the second, I believe that Airbnb will recover, that it may even grow, with the idea of presenting "safer" accommodations, but it will certainly depend on the health situation (although it seems to be improving). There are so many interests at stake, on many sides, that the Airbnb model, which mixes platform capitalism and the financialization of housing, cannot be allowed to fall.

APPENDIX B: In person interview with Hector Grad Fuchsel from the Federación Regional de Asociaciones de Vecinos de Madrid (FRAVM) on 2021/04/16

Dillon: Do you mind stating your name and surname?

Fuchsel: My name is Hector Grad. Im part of the committee of the Neighbourhood Association of Sol and Barrio Las Letras.

Dillon: What is the aim of the organisation and your role within the organisation?

Fuchsel: The aim of the organisation is to act regarding all the problems and needs of the neighbourhood. Specifically, asking for public spaces, public services and also the loss of residences of people living in the neighbourhood.

Dillon: So I imagine Airbnb has been quite a hot topic.

Fuchsel: This has already been a topic for two or three years. A long time before the pandemic.

Dillon: I see that it is also severely concentrated in the city centre.

Fuchsel: Yes, but we are also involved in the struggles for local business and local commerce. Because this is a problem that affects not only the residents. For instance, one of the effects of the gentrification with the rise in rentals not only affects the residential space but also the commercial space. If you walk around the neighbourhood you can see a lot of local shops that are closed.

Dillon: Yes, this is a trend also widely documented in cities such as Paris and Barcelona. In your opinion, why is it so difficult to regulate Airbnb and why has regulation this far been so ineffective?

Fuchsel: I think there are two main reasons. The first reason is that Airbnb is taking profit of grey areas in the regulations of the touristic business. Second, because the administration does not apply the existing regulation regarding the regulation of residential spaces in the city. You know that urban planning regulated the different uses for any kind of space in the city. One of the regulations in Spanish cities in general defines the potential use of buildings in the city. So touristic apartments are crossing the lines of this regulation. For example, in our neighbourhood, the urban plan defined clearly that most of the buildings are for residential use and you can't open any tertiary or touristic activity in these buildings.

Dillon: And is this still happening despite this law?

Fuchsel: Yes, because the administration – both the current city and the previous one (Carmena) – which was left, didn't apply the existing regulation. They created a *laissez-faire* space where people could take any business initiative without any [enforcement] of the law. For instance, there is a division between the competence of touristic activity between the local government [the municipality] and the regional government. The region decided several years ago that instead of verifying that the permits for open touristic apartment only depends on the good will declaration of the owners. So you can go and say I will open an apartment here and here, and they don't ask for any further documentation. For example, they don't ask for the approval of the city or the neighbours of the building.

Dillon: Was this not a national law – that you need 3/5 of the residents in the building to consent to someone opening up an Airbnb?

Fuchsel: According to the urban planning, touristic apartments have to have direct exit to the street, An independent entrance to the building. 90% do not have this. So they are illegal. But the community for a long-time was giving permits of operation without any verification of that law.

Dillon: As I understand it, there was the tourist plan established by Carmena.

Fuchsel: It was a new touristic law based on the concentration of touristic apartments and touristic activity in the city. For the central district, Lavapies, Las Letras, Chueca and Malasana. The new plan defined that there is no room for touristic activities in neighbourhoods like Las Letras that are losing residents, and there is already an overcrowding of touristic activities. Some areas like Gran Vía, they are already lost. There are no more residents there. Just commercial and business initiatives. There is a freeway for touristic activity. Or, on the other side, in districts like Gargonzuela, which is the district to the South – or Chamberi to the north, there was less concentration of touristic activities – touristic apartments were allowed.

Dillon: I understand that Carmena introduced the PEH, but then in 2019....

Fuchsel: Carmena did not introduce the PEH. In fact, the old phenomenon of Airbnb began with the beginning of the Carmena administration. And they took 2 years to become conscious about the long-term effects of this question. There was some neighbourhoods that from the very beginning, we saw the problem. But the city hall closed their eyes for 2 years.

Dillon: Why do you think this was?

Fuchsel: Because they thought that there is nothing new beyond the general gentrification of the neighbourhood. It was already gentrified and they thought, oh well that the centre – it is already lost.

Dillon: So they didn't realise that this trend was getting progressively worse

Fuchsel: Yes, that was the problem.

Dillon: But the plan has now been re-introduced. Because with the turn of the city council to the conservative party, the plan went under suspension.

Fuchsel: Yes, but from a legal point of view – they didn't really change anything. They declared that they would change the regulation from touristic apartments, but they did nothing in this 2 years. They have continued with the same policy as the Carmena administration. For instance, our administration made some 300 claims against the administration for inaction. During Carmena time, they said that very bad, but didn't do anything until the legal judge imposed them to do something. For instance, in several trials, the judge decided that they have to close because there were cases where one company contained 80% of the building and made life unaffordable for the rest of the residents.

Dillon: And what happened to that company?

Fuchsel: There were many decisions to close them, but they never closed them. Well, they closed them for short term, but then during the pandemic it was the company that decided that they will close. They switched to long-term rentals for one year. That is one question regarding the pandemic, when tourists disappeared, there was a big loss for all owners with touristic apartments. There was a sector between them that decided that the number of tourists was not in relation to the amount of work. Because you have to maintain an apartment repeatedly. You have to clean every 2 days. And they decided that the profit gap is not so big and they moved to the long-term rental such as Idealista. Some of them, just for one year for the time of the pandemic – they will see what is the situation afterwards. And a part of them to permanent rentals.

Dillon: How big is this difference? How many Airbnb hosts have converted to long-term markets? For example, 5 year contracts?

Fuchsel: 5 year contracts. At the beginning of the pandemic, a rental of a small apartment was about 1200 euros a month. Now because of the pandemic, the prices are lower. Maybe you can find for 800 now. Previously you could not find this.

Dillon: Do you think this is just temporary?

Fuchsel: We don't know. That is the reason why we support the struggles – for control of rental levels.

Dillon: Is this even legal? In the Airbnb I am staying in, our hosts are renting to us for 4 months. Is this legal?

Fuchsel: According to the law, permanent rentals have to be for at least 1 year, and contracts should be for at least 3 years. And then, depending on when you signed the contract, because the regulation was changing, there was a law for the yearly renewal. You have to negotiate the rental every year. The law also has the figure for short-rentals. And then, there was a law for permanent rental for short-rentals.

Dillon: To bring it back to the Carmena regulations. How much confidence do you have that this plan will change the Airbnb situation in the near future?

Fuchsel: The current government did not present any serious draft of the current regulation. So you can't, at this moment, say what will be the regulation change. We are suspicious that the regulation will legalise some part of the touristic apartments. For instance, erase that condition of the separate condition of the separate entrance. With the further measures of liberalisation of the tourist industry. For example, you say that you satisfy all the regulations, you sign, and no-one comes to verify nothing. One of the problems that they claim now, both Carmena and the current government, is that they don't have enough inspectors in order to visit touristic apartments to verify the conditions.

Dillon: How does this tie in with a leftist national government and a right wing Mayor. Is it not the responsibility of national government to provide the resources to enforce these regulations?

Fuchsel: Not in Spain. Because in the structure of Spanish legal system divides competencies between different levels. This is also not only in tourism, but also in education. Real competence is at the regional level. There is a ministry of industry and tourism, but they can only regulate for instance, where you can build close or far from the beach coast. This is at the national level. Beyond that, most of the competence is at the regional level.

Dillon: So there is a problem of lack of resources.

Fuchsel: The regional governance has no interest in that. But this is a very strange question on that reliance because the neighbourhood is supported by the big tourist sector. The big hotel chains are against Airbnb because there is unfair competition.

Dillon: So you have an ally in the fight against Airbnb?

Fuchsel: In the meetings with the administration, we converse on our position. You have to regulate Airbnb in order to keep the welfare of the neighbourhood and also the life of the neighbourhood. One of the effects of Airbnb is financial buildings. You are building an empty centre of the city because most of the population is a transient population, and then you have no shops. You have no neighbourhood. There is no Butcher. You can go through Leon street. That street was a local street. There was a butcher, a fishery, groceries and foods and vegetables.

Dillon: Have there been any schools closing down.

Fuchsel: One of the problems of this neighbourhood and the centre in general. The district has the worse public equipment in the city., There are for instance in our neighbourhood there is no public library. There is no ventilation which makes the space bad for old people or people with babies. It is a basement without ventilation. One doctor died there during the pandemic. Even if the region and the city hall agree that the place is unsuitable for the public. So we had a problem with that. There is no place to play. The only public school is that building, so the kids have to play here.

Dillon: So the entire social fabric is catering for tourists.

Fuchsel: Yes, we have no public spaces. The public squares in the neighbourhoods are being replaced and transformed for bars. Plaza encantana? was a green space 10 years ago. And now there is just a platform. The people of the neighbourhood used to walk through the square.

Dillon: So it's very clear that tourism is taking over and that there is a lack of local facilities. What is the biggest barriers of fighting the touristification and commercialisation of the space? Is it due to the turn of local governance?

Fuchsel: The leftist government was the same. It is true that the city council that was in charge of urbanism was the most liberal in the left government, and in fact it will be continued now because they have exactly the same policy. So the main barrier is the feeling of the local administration that they can do nothing. It is like, in psychological terms, a situation of indifference?

Dillon: They are held hostage by tourism

Fuchsel: This is the model of the city that makes tourism the main industry for Madrid. They are concerned about the question about who benefits from Airbnb. As in many cities around the world – not only in Madrid – there is the conclusion of Airbnb about who is the owners of these properties. The reality is that there is a big concentration in a small number of small owners and small enterprises that make profit of Airbnb instead of opening up a hotel, they prefer to buy a building and rent out on Airbnb.

Dillon: Yes, like these companies that hide under fake names such as Raquel and Claudia.

Fuchsel: Yes, and they have whole buildings. We have made claims about 12 buildings in this neighbourhood. The whole building is owned by one company. And they don't open a hotel they open individual apartments – and there is no reception, no security nothing. And this pushes prices up.

Dillon: And was anything done about these buildings? Now that you have made claims.

Fuchsel: As I have told you, nothing has happened. Only that during the pandemic, the company decided that it is more profitable to go to long-term rental. The problem is that the administration never arrived at the point of imposing fines on these owners. And then there are also many strategies to avoid the fine. For example, to close and transfer the building to another company. The barrier is: the question of who is the owner. There are many small owners of one apartment that just make some money of Airbnb rentals.

Dillon: So many people on Airbnb on not these people only renting out one spare room, but belong to one person.

Fuchsel: If you look at the statistics of Airbnb, the reality is that the properties are concentrated in a small number of owners.

Dillon: I have also read that the City Council has launched a program called "Reviva Madrid". Are you aware of this program?

Fuchsel: Yes.

Dillon: What is your opinion of this initiative. Has it been successful or are you sceptical?

Fuchsel: I am very sceptical instead of taking a serious initiative in order to improve the conditions of the city. 'Reviva Madrid' is a plan to cultural activities and closing the pedestrianisation to some streets.

Dillon: So you would say that they don't go far enough?

Fuchsel: Yes

Dillon: There are also a lot of experts that are saying: Why is the problem on the city council that has to constantly fight Airbnb through housing regulation. Perhaps it is Airbnb that needs to be regulated. The platform itself that is regulated. Instead of housing regulations fighting Airbnb. I'm not sure if you are familiar with it, but the European Commission has now drafted a Digital Service Act, which is now making Airbnb share data with local government. In other words, they must now become completely transparent. Airbnb must also now monitor itself.

Fuchsel: Yes, there were several attempts like this in many places around the world, and in general they were unsuccessful because Airbnb is not ready to share data with them. For instance, they should receive the taxes and they are reframing from doing that.

Dillon: Last year 22 cities have passed the Digital Service Act, and it seems at least that Airbnb has to now be compliant. But I'm not sure how much this depends on the city council. Because regulation is one thing, but enforcement is an entirely different thing.

Fuchsel: I'm not sure of any city that has been successful with this.

Dillon: My thesis very much entails seeing how the pandemic is changing ways for a more sustainable model. Fairbnb is a more sustainable model in terms of preventing the extraction of revenue out of the region. And instead of Airbnb taking money out of the community. Fairbnb focuses on channelling money back into the community. And the pandemic has helped them branch out. I had an interview with one of the co-founders of Fairbnb that said that they are trying to move into the Madrid market. I was wondering if you have had any engagement with Fairbnb or if you are aware of the concept? Because even in Barcelona, housing organisations rejected this.

Fuchsel: The thing is that we are already overcrowded. We do not need any more touristic apartments. I really don't see how this idea could be implemented in the city. Where will they reinvest the profit?

Dillon: It is through local initiatives. They have local actors in the neighbourhoods.

Fuchsel: There is already a similar initiative. In many rural towns, some people are surviving like that. They will be successful in a small place, but not in a large city like Madrid. I think the only viable solution is to regulate the market in order to convince touristic owners to move into the long-term rental market. You have to make that type of business unprofitable in certain sectors of the city. Which relies on regulation and taxation. One of the effects of Airbnb was that people took basements and converted them to apartments. People sold these places as luxury places. An interesting side effect is that in the Spanish reality, for a long time, there was a talk about a tax for empty apartments, but it never happened. The left government tried to do that but the state regulation of tax was an obstacle. One of the side effects of Airbnb is that there are no more empty apartments in this district because anyone who has empty space – even 5 or 6 meters – puts it on the market. And now the problem is not empty houses, but its usage 0 because a lot of them do not fit any regulation that the city asks for. So one of the side effects is a potential rise in the number of rentals in the centre. One of the mutations of the residential market in Spain is that due to the Franco regime – people rent houses. For a long time, the tax regime in Spain gives the opportunity to buy before renting, because now we have a large number of apartments to rent.

We need to change the economic model of the city, the neighbourhood and develop some type of incentive to convince tourist rental owners to move. For example, giving some tax advantages to long-term rental housing.

Dillon: A big opponent to regulation has been the CNMC. Is this a difficult actor to get passed?

Fuchsel: This is definitely another political actor of free-market liberalisation. They can say that any regulation is against free will market. But in reality they can oppose any regulation they want.

APPENDIX C: Video call interview with ‘Anonymous’ Airbnb host in Lavapies on 2021/04/27

Dillon: How many apartments do you have listed on Airbnb (now or in the past)?

Anonymous: We have more than one. We have two apartments. But in this moment, none are on Airbnb. But, we are deciding whether in June, we will put our apartment in Airbnb or not. The other apartment, that is from my parents – which is in Madrid Rio – is normally in Airbnb because my parents come to Airbnb for around a month or three months. But this year, due to the fact that we left Madrid, the second apartment is normal rented (traditional long-term market).

Dillon: How long will the people in the other apartment be staying for? For example, Is this a three-year contract or a monthly contract?

Anonymous: I have done a one-year contract, with the condition that after a year – or in September – if my parents wanted to go back to their apartment they can. And then the people living there have to leave.

Dillon: And this is only as a result of the pandemic? If the pandemic had not happened would you have rented it as per normal on Airbnb.

Anonymous: I don't know because we left. Airbnb is nice when you stay there and have control. The fact that we left Madrid, my parents didn't come to Madrid, so indirectly it's because of the pandemic.

Dillon: How did you rent out the apartments before the pandemic? Did you rent for short term (days or weeks) or monthly?

Anonymous: Airbnb is more convenient if you rent for example, like a week or a weekend. Short term is, economically speaking, it is better. Because you can rent your apartment for 300 euros for a weekend. Or a long weekend, from Thursday to Sunday. So normally yes. When it's longer... (laugh) don't send this interview to the institution. Sometimes on Airbnb can be very expensive, so we arrive at sort of a deal. So normally, the maximum we rent on Airbnb is a couple of weeks.

Dillon: During the pandemic, you then tried to rent out more long-term? And a little cheaper?

Anonymous: Yes

Dillon: After the pandemic, will you continue to use Airbnb? How will you continue to rent out your apartments when tourism returns? Will you return to the way you used to rent it before the pandemic?

Anonymous: That's the plan

Dillon: Or do you think you would try and stay with longer-term contracts?

Anonymous: Even in June last year, I already rented on Airbnb. But it was for a bit longer than usual because people were coming to work. It's true that since the pandemic, there were people renting it for a longer time. There were 2 electrician guys from Barcelona.

Dillon: So did the type of guests you normally receive also change?

Anonymous: Yea. In the summer there was not so much tourists, but in any case Madrid is a big city and you will always have tourists. But I didn't even expect it, because I said: "Why should I put it on Airbnb when there is no tourism at all?". Then in June we saw that there were people interested in the apartment. Mostly because people came here for studies or work. It is not 100% that now there is no more tourism. It's not like black and white. I'm quite sure that in June it would be full (the apartment). First of all because Madrid is now the place to be. Everyone is going there now because everything is open. And then June for example is a very good month. In the summer, Madrid is not so popular, but anyway you have people there, anytime.

Dillon: Has the nationality of the guests changed over the pandemic.

Anonymous: There was a French girl, but also some Romanian workers living in Spain. Normally speaking, in Airbnb you have people from all over the world. I've had people from something like 30 nationalities.

Dillon: Ok. So it was definitely more international before the pandemic. Last question now. Are you aware of the Carmena regulations that came into force? When she wanted to regulate the inner-city centre and that you had to have a separate/independent entrance for it to be a legal apartment. How did this affect your strategy? Was anything ever enforced or did you have any issues regarding this.

Anonymous: First of all you have to know that this was not a law. It was only a plan or an idea. What Carmena was trying to do – that I agree – in a way, because even if I rent my apartment I am totally conscious that you keep out. So I can be happy for myself because I have an apartment, but I'm not happy for my friends. And the neighbourhood as well, so I agree what Carmena tried to say or tried to do. But it's not a law. You know because after Carmena left, and Almeida came in, they didn't continue this plan. The idea was that if

you have a door in the street, you can legally have a licence. It's not legal or illegal, it's a-legal. In my other apartment I have a VUT – you pay a tax of 500 euros. It's not a licence, so I'm not 100% legal, but if they control I can say I have paid 500 euro to register my apartment.

There was something about the neighbourhood that depending where you are the rules are stricter. I think the strict rules, they didn't really affect us, because of the zone. If you have an apartment in La Latina, then it's a bit different. You have houses in the centre of Madrid where there is no owner. All of them are Airbnb – you know entire buildings. My one apartment is exactly in the second zone. In the beginning of the second. The park across the road is the centre. But our place, it's one street, and the other side is another zone. In the moment that the Carmena plan was there. Everybody was really scared so everyone put their Airbnb off for like a month. And then nothing happened.

So if the left side win the election now in Madrid – we hope- then maybe something will happen with Airbnb. Also you have the city of Madrid and then the community of Madrid. The law of Vivienda (housing) is from the region of Madrid, not the city. This is the point. Even if Carmena said "I want to do this". She has to have the permission from the regional government – which is now right. So in fact, nothing happened.

Dillon:

So you are not concerned about the restrictions?

Anonymous:

There is always something that can happen. We know this. We are conscious about that. But we live in the one so that one is not an issue. Our other place is also not in the centre, so there is less control there.

APPENDIX D: Online and in-person interviews with multiple Airbnb users in Madrid between 2021/04/30 and 2021/05/24

Survey

1. Is Airbnb your preferred option when booking accommodation for vacation/holiday/weekend trips etc.? Why or why not?
2. What type of Airbnb accommodation were you booking before the pandemic? (shared apartment with host, room in an apartment with strangers, entire apartment). If you have booked all three types, please state the dominant type of booking you made.
3. Has this changed during the pandemic? (for example, you are not willing to share an apartment now in fear of contracting the virus from strangers, and thus try to only book entire apartments now). Please elaborate on if your booking accommodation preferences have changed in any other way as a result of the pandemic.
4. Are you less likely to travel to big city centres after the pandemic? (for example, in fear of being in crowded places where the virus is more easily spread). Disregarding lock-down measures and/or border closures. Why? Why not?
5. To what extent is socio-economic sustainability a concern when deciding on the accommodation you book when travelling.

Answers

Airbnb user A (age 25)

1. My preferred option is using booking.com. I only started using Airbnb recently when I looked for larger places for several people when I know we are probably partying and would be too loud for a hotel. Often I travel alone and then I like to be in a hostel. Also usually when travelling with my close friend then we are staying in hostels or small hotel rooms. I think I am usually at a place for 1 or 2 days and I think an Airbnb usually becomes cheaper when staying for 4plus days.
2. Entire apartment. I have never done the other 2 types before
3. I have stayed in a hostel during Covid times and I wasn't bothered by it. I usually choose the cheapest option.
4. I am more worried at airports wondering whether the local authorities let me through. But I was in Stockholm where a lot of stuff was closed like museums and I wished I would have been more prepared for that. So I think next time I will take into account whether tourist attractions are open.
5. 3/5. I only booked a place once because it was rather to be super sustainable. Usually I have not been in the economic situation to make a choice in how sustainable my booking is. but I am hoping I will be able to book more sustainably in the future. I think it is the travel method that makes the stay the most sustainable not the accommodation.

Airbnb user B (age 26)

1. No, it's not my preferred option, but I had some bad experiences. As well as some bad experiences with hosts. I prefer to use bookings.com

2. I have used all types of booking options but mainly entire buildings. This has not changed since the pandemic, and I also have not been travelling much since it started.
3. I am not less likely to travel to big city centres.
4. This did not change
5. I'm not really concerned with this. I wouldn't say it determines whether I book or do not book something. My own economic situation is what I am looking at when I book accommodation.

Airbnb user C (age 27)

1. Yes, especially when travelling with friends. I like a 'homey space' and being able to cook. Hostels are nice when you are travelling along to meet people.
2. Usually entire apartments or private rooms.
3. It has not in terms of what kind of Airbnb apartment I would book. But I certainly haven't been to hostels which is something I would enjoy
4. Not at all. Probably a 1. I don't mind crowded spaces. I feel quite safe wearing a mask. Travelling during the pandemic has been less more because of the hassle, but not because of the pandemic
5. A 3. I do have some concerns and try to book away from the city centre. I try not to go to gentrified neighbourhoods.

Airbnb user D (age 28)

1. It depends on the type of travel. In my experience, Airbnb is very practical for short term stays and for trips with big groups (family/friends). So for vacations, holidays, weekends, yes it could be a preferred option. It is also safer in terms of guaranteeing the arrival to a real place, not to a fake advertisement. Now I am more aware of other, possibly cheaper, booking platforms. However, these are specific to certain contexts (and you might need a local person to confirm their reliability), Airbnb covers almost everywhere.
2. I booked all three. Full apartment when travelling with family/big group of friends. [DOMINANT TYPE]. Shared apartment when travelling alone (both with host and/or strangers).
3. Yes, my preference changed but my budget stayed more or less the same, which is more difficult, to have the price of an entire place for the price of a room. I was mainly searching for a studio on my own after the pandemic because of my previous experience (in Copenhagen) having to isolate three times because of my landlord whom I shared the apartment with. It comes with all the hassle of isolating, testing, and waiting. It is especially annoying when you are sharing bathroom/toilets/kitchen/common spaces. You need to make sure they clean properly after them, and for me, I always had to clean after them in case they did not do it properly – not the best feeling. In Madrid, I booked a studio in an apartment with several other studios. I was lucky to get a studio for the same price of a room (or even cheaper), through Airbnb. I think it was a great decision,

because when I tested positive, I did not have to calculate when I can use the kitchen or bathroom, and I did not have to clean before AND after using any shared object/space.

4. No. If I am afraid of the virus, I just avoid crowded areas in the city, not the city itself.
5. If I understood this correctly.

Of course, it is one of the primary determining factors, I filter according to location and price, then look at the services/facilities provided. Until now, I have not thought about these things before I book, but of course now I have come across it. But I cannot see the type of extent of damage that can be caused by such a thing. For example, gentrification is a very big thing and kind of a buzz word. For me its very blurry, and if it's not very clear in my mind, I don't think I can act upon it radically. Of course, If I realise it is causing damage in a city I will try to avoid it. But then again, do I have alternatives. That's another question. I need an alternative, so I need to know that there is another type of system that I could be using. If there is no alternative, then it is very challenges for me to develop one. It is becoming more and more common to make deals through Airbnb, especially with the ongoing pandemic. Less people are travelling, and landlords could be willing to make deals with users. As I understood from one of the landlords, the platform gives them a certain level of security, however, they are flexible to interact with people beyond this platform. It is also a very practical way for them to put the information of their apartment in a "trusted" place. I do not reject or embrace Airbnb completely/radically. I think it is a tool, like all other tools/platforms, which should be used in moderation and responsibly. If, in a given context/situation, its advantages weigh more than its disadvantages, it could be very convenient.

Airbnb user E (age 27)

1. Airbnb is not my preferred option. I don't have a preferred option. It depends on a series of factors like price, location and reviews. But for sure I can tell you that I have not been using hotels as an option to stay. More hostels and Airbnb, that true. Again, because of the price. So I can say that hostels and Airbnb are my preferred option.
2. Shared apartment with host and entire apartment. Because those were the predominant options to me. I think staying with strangers is not an issue for me. I am a person that enjoys seeing and meeting new people, which is why I prefer hostels. I think it's more interesting than going to hotels, paying a lot and not engaging with anyone. I think the only time I go to hotels is when I go with my family because they are more used to that type of tourism, but me with my friends and my partner we never stay at hotels.
3. I think that implicitly yes, the preference has changed with Covid. For example, I would not book a room with other people, like with double beds. When I look for places to stay I haven't found those options. When the pandemic started and I used Airbnb, I booked one bedroom for my partner and me and for instance, recently I booked a house for me and my friends. I also stayed in a hostel recently and there was no one else staying in the room. I think it's a pattern that I've been following before the pandemic, firstly I look at price, but then there is also comfort. I think I prefer to have some private space for me. But yea I would say that I would still only look for private spaces for the pandemic. It would be a factor that might have stressed my decision a little bit. But only a little bit.

4. No actually I think I haven't travelled to big centres recently. I have travelled but not to big centres. Now we know that these big tourist places are empty because of the pandemic, so now is the time to go if it's possible. But now I'm not looking to go to big touristic places. I don't think that there are a lot of crowded places right now, so there is not so much fear. I am a little bit scared to go to Mexican city though, that is my home city because I know the city is very crowded and the situation is very hard because of infections. So yea I'm a bit scared. I can implement a strategy so that I know where to go and where to avoid.
5. No I don't think it's a concern to be honest. Also because how can I know what is sustainable or not. I think that is not even something that is labelled with Airbnb. I haven't seen it. So I don't know to what extent Airbnb recognises that something is sustainable. Of course I would rather go to a place that has a sustainability commitment. But sometimes it's not always possible. Also, I'm a student and I rely on a scholarship. I will go for the cleanliness and cheapest option. Maybe the times that I can check if the place is sustainable, it has been other places than Airbnb. I have the feeling that it is expensive and, maybe I can have other sustainable experiences without having to pay more. So it's a very tricky thing, when eco-tourism also sometimes has a marketing strategy behind it.

Airbnb user F (age 26)

1. Yea it is. Not because I really like it but because it's kind of the only option.
2. Usually I book entire apartments, because I usually travel with my partner
3. Not really, but before where we might have considered a room, now we try to book an entire apartment because we don't really want to be around other people.
4. Months ago I wanted to get out of the city, but now I want to be back in the city. This was mostly due to lockdown than fear.
5. For me, I didn't like the concept of Airbnb, so I would always try an alternative. However, 9/10 times I couldn't find an alternative and I had to use Airbnb.

Airbnb user G (age 29)

1. Yes, Airbnb is usually my preferred option because I have the option to get an entire place all to myself (with a kitchen) and I like the independence. I also just tend to feel like I am buying into an experience I guess. I am sadly aware of the negative consequences the platform has generated but I feel like I am not yet aware of alternatives and options.
2. The entire apartment. (Usually for my mom and me).
3. The pandemic and the need for social distancing has only reinforced the tendency to book the entire place.
4. My enthusiasm for travel has not gone down. I do hope to travel as much as I can after the pandemic. But I am aware of the negative effects of travel. When visiting places, I would want to spend more time there, try to integrate, be sensitive to the needs of the local residents. Would want to contribute rather than just consume.
5. I feel responsible; I have grown more conscious (especially after having read about the urgent need for the implementation of all aspects of sustainability in the 4cities programme). For me,

being aware of the ways in which I can ensure socio-economic sustainability is crucial when booking a place.

Airbnb user H (age 29)

1. Normally I would only use it as a complementary option - I would have a look at Airbnb if I don't find anything on Booking or Agoda but it won't be my first choice because (of): concern of security, preference for personal space, sometimes it's time- and energy-consuming to communicate with the landlord and require their acceptance on Airbnb, other platforms like Booking and Agoda are also starting to offer some homestays (if I'm correct), I feel more secured and more straightforward to book on those platforms
2. Entire apartment
3. It hasn't change as the entire apartment has been my dominant option on Airbnb, but yeah the pandemic does give me one more reason to insist on it
4. For me it doesn't matter whether a city is big or not, what I mind is how the covid situation looks like in that city - like I would still love to travel to a crowded big city where people pay attention to the covid situation/where the rate of new cases is relatively low (not very common in Europe at the moment though)
5. It would be great if it is socio-economically sustainable, but it's not my main concern when I book a place.

Airbnb user I (age 28)

1. It is not my preferred option, because I think Airbnb charges too high commission. it is true that it is easy and fast to use, but still, I think it is a rip off. Also, Airbnb does not seem to be a very responsible and good company, so I prefer not to support it.
2. Entire apartment
3. it has not changed regarding fear to share with other people. But I now found myself in another situation in which I wanted something for longer term, so an entire apartment would be too expensive which is why I preferred to share.
4. I am not less likely to travel to city centres because I am not afraid of getting the virus. In general, however, I prefer to travel to more rural areas
5. to me it is a big concern. This, however, goes for most things I spend my money on. I try not only to see what I get for my money but also to whom I give my money, meaning who/what do I support with it. As I aim for a better future, I believe one way to do it is to re-direct money flows (including booking accommodations) towards people/projects that can do good with this money, which at the same time withdraws the money from destructive companies/people/practices. In other words, I try to not only look at my personal benefits when purchasing things but also look at the other side, who do I support.

Airbnb user J (age 25)

1. Airbnb has always been my preferred choice for accommodation for almost all of my travel arrangements. First and foremost, I could always find the affordable yet more comfortable place

on Airbnb. I used to stay in a few hostels before I get to know Airbnb platform, but they didn't match my liking. But on Airbnb, you can find more or less private room with a little over the price you pay for hostels (if you're lucky and/or willing to travel a bit outside the central location). And the other advantage of Airbnb is the convenience of user interface, it's way more direct and simpler to use than a lot of other booking websites (you are only a few clicks away to reserve a nice cosy room for your vacation). And I feel it feels safer than hostels and couch-sharing websites because of double-ended security (both host and tenant can give public reviews to each other). The rent transferred is administered by Airbnb so you're less likely to get scammed for every reservation.

2. I've stayed in almost all types of Airbnb (shared apartment with host or fellow tourists, entire apartment, entire villa, short-term, long-stay, you name it, I've been there; I'm such a big fan of Airbnb). Of course, my preference is entire apartment whether big or small. When I was travelling across Asia, such type of lodging is possible to get under 30\$ per night. But in Europe, I could only get a shared apartment with a host). On a side note, I got a mini studio (15 m2) in Jewish Quartier, Budapest with a kitchenette and W.C for only 11\$ per night (it's such a steal maybe because of corona wave).
3. I personally prefer to live in a share apartment with not more than 4 roommates if possible. It's just my preference; so I look for an accommodation of that sort not because of corona or anything. But yeah, I've come across with some people whose preference drastically changed more or less by the pandemic. For example, my last Airbnb host in Madrid decided not to rent his vacant room for more than one people and forbid me to invite any friend or guest to my room.
4. Yes, I'm a bit concerned about travelling to big cities and central crowded locations. I'm even surprised myself for that because I used to live in big Asian cities and commute among thousands of people on daily basis. But this pandemic changes everything about our routine practices of travel and conviviality among people. I don't feel that comfortable anymore walking and sitting in places where there're people beside or around me. My travel and vacation choices have also changed from in-city attraction places (before Covid) to outer city regions or nature and hiking destinations (after Covid).
5. To be honest, I didn't think much about social-economic sustainability when I plan for my vacation. But after I've gained quite some knowledge on sustainability and how important is it on tourism and the long run of overall prospective growth, I'm starting to think about the successive impacts of my small and naïve decision upon the local community and their economy. I don't want to be one of the members supporting of capitalist businesses but at the same time I don't want to be quite radical either. Because sometimes there're a lot of people's jobs and their income are more or less, directly or indirectly dependent on these corporate businesses. For example, The Student Hotel (the one that I lived in Vienna) is a big corporate hotel chain in Europe providing student rooms and short-term rental lodgings for travellers using innovative solutions and socially responsible business models (providing jobs for local youths, farm-to-table food production, cutting of carbon footprint by only vacating old unused buildings, etc.).

1. No, it is not. We use other search engines more frequently because they have given us good results
2. always entire departments
3. no, nothing has changed. It is still our first choice
4. If sanitary conditions allow it (having the vaccine already or low Covid cases in the destination) and there are no mobility restrictions, my travelling preferences would not change. Otherwise, I would avoid city centres since these are crowded places and usually where the major risk is concentrated. If sanitary conditions and Covid cases do not allow it, I prefer to not travel and stay at home.
5. sustainability it is not a concern when choosing an accommodation. We look for the accommodation that best suits our needs, our tastes and our budget

Airbnb user L (age 29)

1. Not really
2. Always entire apartments and city centre
3. No
4. No, not for me. my girlfriend and I both have online work, we are planning of jumping around to different Airbnb's in different cities and working remotely
5. For me it has been a reason not to take an Airbnb.

Airbnb user M (age 26)

1. Yes
2. Before Covid Airbnb was always for short term travelling, but when it came to long-term renting I would book on Facebook groups. But now with the pandemic and long-term bookings, I think Airbnb makes things faster and easier. I sometimes booked in a shared apartment.
3. Seeing my own behaviour now, I am rather booking entire apartments now.
4. Not really. I don't mind as long as I take precautions.
5. No, to be honest. I just look at price and the space. And I just see if it's worth it. I have not thought about socio-economic sustainability. I think that for the pandemic, Airbnb has become something that is less often a one-time travel thing. It changed my perception of what Airbnb is. Previously I thought of Airbnb as an experience, that came with a lot of other things – like living with other people. It's a local experience and that's what I prefer. Now when it comes to Airbnb I wouldn't even think about that. Now there is less contact and now Airbnb just seems like any other platform. The functionality has shifted and now it's just like any other property platform. So it changed my perception of what Airbnb is. So I am aware of the gentrification processes. I think Airbnb plays an important point in that. What is sad is that, other than the negative effects of gentrification, [Airbnb] could actually offer a lot of good things, like cross-cultural encounters, meeting people and getting to know a place really well. But now it's sad that it has reduced down to only a mechanical function. So I think it really shifts away from, the essence of what Airbnb used to be like. This is a worrying thing about what Airbnb means now.

Airbnb user N (age 28)

1. Yes. Because really the main reason is the kitchen
2. Once I have booked just a room, actually twice, but majority of the time it is an entire apartment.
3. Actually yes, when I went to Germany I chose to get my entire apartment because I didn't want to interact with anyone.
4. Not really.
5. It matters to me, and only of recent. At first when I started booking [Airbnb], it was really local people renting out their home. But now I realise it has become more monopolised and I don't like that. But unfortunately, those are the cheaper options that I have to go with. As of recent, like the past year or two, I don't like how Airbnb has been monopolised. I don't like when its run by a company with multiple properties. I don't like that the rich get richer. Every apartment I have booked in recent years. Every single one of them have been through a company, rather than an individual. It is something that is at the back of my mind when using Airbnb.

Airbnb user O (age 32)

1. Not now, but it used to be
2. Always entire apartments and in the city centre
3. I don't book entire apartment now because of cost. Now I just book a room.
4. Not really, for me the fear is more about regulations and lockdowns. But I don't fear Covid.
5. I'm aware that Airbnb is very connected to gentrification.

Airbnb user P (age 25)

1. Yes, because I use the kitchen to cook, and there is more privacy than in a hotel
2. I prefer a full apartment, only if the price is too high will I consider living with other people
3. The price is still more important, but because I'm young I don't care fully about contracting the virus.
4. No, I still want to go to big cities. This is also because I don't live with my parents. If I did, this might have been a reason.
5. 2. Its contradictory because I know my leisure should not go above peoples right. But my holidays are my price after hard work, so when I can decide I put myself first, because it's a treat to go on holidays.

Airbnb user Q (age 30)

1. Yes. It is way more independent. Airbnb offers a bigger privacy than any other sort of accommodation. It is more comfortable when the intention is just 'vibing'
2. Entire apartments, but never alone.
3. I just don't travel anymore, I'm afraid
4. Not by itself, just government measures. I will do it eventually, but not yet
5. I don't know - I just say I wouldn't consider macro-economic issues rather than my own situation

Airbnb user R (age 27)

1. Depends on what I'm looking for and what's available. Often I look at it first and compare with what's available on Booking.com etc. I like airbnb because you're more likely to get a whole room or place to yourself which is often more expensive on other platforms. I don't really like staying in hostels anymore or sharing rooms or facilities with strangers. However, I already had this feeling in the months before the pandemic, so I think it's more just about getting older and wanting to travel in a different way
2. Ideally I have always preferred my own space but also have booked private rooms with shared kitchen. This hasn't changed with the pandemic; I just have travelled less than I would have liked to.
3. During the height of the pandemic I would not have shared with other people and would have preferred an entire apartment. Now I am open to having a private room in a shared apartment but only for shorter stays. For longer stays I'd prefer my own space, but again, not because of covid just personal preference.
4. Not really. I'm travelling less because of restrictions, bureaucracy around travel like needing a PCR etc. In earlier months I had more of a sense of 'social responsibility' to not travel, but with the vaccine rolling out in Europe and also living in Spain where the restrictions are so chilled, I feel like it's more just about the bureaucracy/restrictions of travel that puts me off.
5. /

Airbnb user S (age 27)

1. Depends where I want to go but it is often the most convenient way to find a place
2. Entire apartment. I usually book Airbnb with friends or family so we need more rooms.
3. Did not change
4. I think I'll be more aware of the risk but I still feel more comfortable in city centres
5. Not too sure but I think because I always look for places in the city centres that can be harmful to the local population and generate gentrification like here in Lavapiés. Should be more conscious about it

Airbnb user T (age 27)

1. It's on my top 3 in looking for an accommodation during holidays or trips. Because sometimes I want to have my own room and kitchen to save money and prepare my own meals
2. entire apartment.
3. recently I have booked more in Airbnb because it's easier to find an entire place for myself with kitchen because I don't like to share room, kitchen, toilet or bathroom, and after pandemic started it's the mean type of accommodation that I look for. Before I used to book hostels because they are cheap
4. no I am not. Any opportunity to travel whenever I go. I like to travel to big cities like Paris Mon amour or my lovely Mexico City
5. I try always to find a hotel room because I know its way of economic activity generates more employment, however sometimes the prices are too high for what I can afford and Airbnb sometimes is cheaper and offer what I'm looking for. So always need to evaluate pro and cons.

Airbnb user U (age 25)

1. Yes, because it's usually the cheapest option
2. Entire apartment normally, sometimes room with host
3. Nothing has changed, I stayed with a host in Denmark once
4. I am less likely to travel to cities that reside in countries with worse Covid numbers/generally less competent governments/Covid infrastructures, because I'd rather not get Covid. But at this point it doesn't have much to do with how big the city is for me.
5. kind of

Airbnb user V (age 27)

1. Yes, it is my preferred option because it is cheaper. Hotels are too expensive and traditional Bed and Breakfast accommodations are dying out.
2. Normally I shared apartments with strangers. So this is really my dominant type. But I have also stayed with landlords.
3. Denmark was the only time I booked an Airbnb.
4. Now that Corona is ending I am going to travel more or less the same. I don't think I will travel a lot this summer though.
5. Sustainability is important and I try not to fly and only take trains.

Airbnb user W (age 28)

1. It depends on the type of vacations. In general, I look for the cheapest price also considering having independence and a comfortable space. Airbnb sometimes is more convenient than hotels, especially if your stay is of some days, you have the possibility of save on food with cooking. The same if I am in larger groups than by myself, Airbnb sometimes result being cheaper.
2. Mainly entire apartments
3. I haven't use Airbnb since the pandemic started, I am not moving much so I don't need the platform
4. No. I would like to keep travelling and I don't feel fear. The only thing in which the pandemic has impacted it is in having more aware of the environmental costs of moving as I was moving before (if we all move at the same time) And the pandemic showed me that staying in a same place is not so terrible.
5. Not much

Airbnb user X (age 57)

1. no. It is usually the second option. We usually use Booking ... I like the page better, the filters it has and we have loyalty discounts.
2. we usually reserve entire floors
3. The type of accommodation is the same ... YES we are looking at these times that it complies with the cleaning and Covid standards.

4. No ... if the destination interested me, I would travel the same ... if you can and it is a safe country
5. For now, I admit that I do not value that, I am looking for a central apartment. Close to means of transport and supermarkets

Airbnb user Y (age 27)

1. If a I am travelling with someone yes
2. I have booked all three, whole apartment is preferred but usually more expensive.
3. No, it hasn't changed
4. No, as I am aware you are most likely to get it from close friends, family or roommates so I don't worry too much about crowds.
5. The thing as always. I use airbnb when I travel with people and then only if the others are also concerned about socio-economic sustainability we would take it into consideration but I rarely will same something about it.

Airbnb user Z (age 27)

1. Most of the time it is. I like hostels though. Not hotels because they are expensive and formal to me. I like the feeling of being in an apartment and not following the rules in a hotel. You get more of an experience in an Airbnb. Airbnb's were cool a few years ago when people were actually renting out the place they live in and you could actually live in someone else's apartment and get the feeling of their lifestyle. But now big companies just own everything and its really generic.
2. I didn't even know you can live with the host. It's definitely been entire apartments.
3. Not really. I just look for the cheapest option
4. I did start to appreciate nature travel. But I don't fear travelling to big cities.
5. Sometimes I get a guilty feeling. Maybe when I have more money this will become more important. I don't think consumers can change much.

Airbnb user A1 (age 32)

It is something that is at the back of my mind when using Airbnb. I first used Airbnb in 2012 when i think it was a slightly different model. It is now something i do talk about with my partner.

I wouldn't say that the pandemic has changed my perception of Airbnb. Typically, when i use Airbnb, when I'm travelling by myself i would use a hostel. I use Airbnb when travelling with family. We usually look for our own space, so a non-shared space.

The pandemic has changed the way i travel, but this has to do with the freedom of movement rather than a fear of city centres.

Airbnb user B1 (age 28)

1. I don't have a preferred option. I try to find the most affordable option. It's mostly about price.
2. It's either private room but more often it's an entire flat.
3. I would maybe prefer to have my own place.

4. I would avoid places of high risk, but I would still prefer to go to the city. I don't know how much I would fear for my own health, but maybe for spreading the virus.
5. I don't think there is a way for me to know if something is causing gentrification or not. I don't think I can know in advance if something is more sustainable, and I am also not in a socio-economic situation to spend a lot of money on something like that.

APPENDIX E: Email interview with Alvaro Arduro Urquiaga, Associate professor in the Department of Urbanism and Spatial Planning, on 2021/05/25

- Dillon:** Despite years of attempts at regulation in Madrid, Airbnb has continued to expand up until the arrival of the Covid-19 virus in early 2020. Why has regulation not been effective? Where has regulation failed and where does it need a stronger focus?
- Urquiaga:** First of all, the regulation arrived quite late. In 2015 it did not appear in the agenda of the most progressive parties (PSOE or Ahora Madrid) and later they were not very quick to develop it (PEH was approved in 2019). However, the institutional framework depended more in the regional government than in the local, and regional government, ruled by PP with the support of Cs, did nothing about it.
- Also, it is not only about the regulation itself, but also it has to do with the means to ensure it is observed. Barcelona contracted 100 inspectors, while Madrid only 25, with twice its population and four times its Surface, only hired 25 (also because of austerity rules imposed by national government, also conservative)
- Dillon:** How has the Covid-19 pandemic highlighted the unsustainability of the Airbnb model in Madrid's central district?
- Urquiaga:** It has become clear that an over specialized city is vulnerable. However, the lack of transparency in the housing and rent sector is a huge obstacle to generate information or [becoming] conscious (or hegemony) on this topic
- Dillon:** In 2019, Carmona proposed the Special Housing Plan (PEH). To my understanding, this plan has been re-accepted, and is now legal. Is this the kind of regulation Madrid needs to fight against real estate speculation in tourist rentals like Airbnb? In your opinion, what are the advantages, limitations, difficulties and/or problems of this regulatory approach?
- Urquiaga:** It is a regulation done by the Urban Planning Department, and thought in traditional urban planning terms (e.g. its radio-centric approach). I send you a draft of the article I already sent you, which has and expanded introduction on this
- Dillon:** Real estate rentals are moving from Airbnb to Idealista (from the short-term to the long-term market) in response to the pandemic. Do you think people will stay in the long-term market, or will owners simply return to Airbnb as soon as Spain reopens to tourism?
- Urquiaga:** They will stay in the market that provides them better ratio of return. In the late times, it was not much better in tourist rental than in long-term rental, as it had also escalated. On equal rates of return, they will stay on tourist rentals, because it allows greater flexibility (if the owners want to sell the asset).
- Dillon:** What factors determine whether people return to Airbnb or not? for example, do you agree that whether hosts have switched to the long-term market depends on the location of their tourist properties, or on the type of hosts who control these properties (e.g., single or multiple homeowners)?
- Urquiaga:** I think they depend overall in their financial capacity, not as much as in the location, but I don't have the data.
- Dillon:** The Madrid City Council has launched the Reviva Program to encourage tourist property owners to switch to long-term housing. Do you know about this program? In your opinion, is it successful and is this initiative enough to help the residential housing market?
- Urquiaga:** I think it won't be enough as there are other promises from the regional government to sustain the tourist rental sector
- Dillon:** Airbnb CEO Brian Chesky has stated that "people don't want to get on airplanes, they don't want to cross borders, they don't want to travel for business, they don't really want to go to cities.... What they want to do is get in a car and travel." In your opinion, does this mean that we are facing a radical change in tourism after the pandemic, that people will not travel so much to the centres of big cities, but to smaller remote towns and to

nature, for fear of contracting the virus? Does this mean that tourism and thus, Airbnb will be less severe in Madrid in the future?

Urquiaga: I think the wave of foreign tourist even during the pandemic to Madrid because it had less restrictions than other cities (e.g. French tourists) does not allow us to be very confident on that. I guess it will depend more on the existence of cheap flights

Dillon: Now that the government is back in the hands of the Partido Popular, what does this mean for the fight against Airbnb in Madrid Centro?

Urquiaga: To my understanding, this is not a priority for PP, in the best scenario. In the worst, they will encourage tourist rentals

Dillon: Do you know about the "Digital Services Act" that the European Union has drafted in order to hold digital companies like Airbnb liable for the externalities they produce? If yes, what is your opinion about it, and is this the tool that local governments need to regulate Airbnb? How do you think the future of Airbnb in Centro Madrid will change in light of this?

Urquiaga: I think this (DSA) is one step in the good direction, but I guess it won't be enough if not supported by other levels of government (national, regional and/or local)

APPENDIX F: Video call interview with Jonathan Reyes, co-founder of the alternative home-sharing app 'Fairbnb' on 2021/02/03

- Jonathan:** My name is Jonathan Reyes, I am one of the co-founders of Fairbnb. I am currently the vice president. We are a cooperative. We understood very quickly that we had to work under the cooperative principles because we believed that there is no share economy without a cooperative economy, or at least a cooperative principled economy, as it is not like you need to be a cooperative to be fair.
- I started with this project with my colleagues in Amsterdam back in 2017. Now we are a small global project, still growing.
- Dillon:** I view Fairbnb as a sustainable alternative to Airbnb. Airbnb is often labelled under the share economy, but it doesn't appear to have anything to do with sharing – as the primary motivation is money, not sharing. So in which way does Fairbnb paint a more sustainable picture.
- Jonathan:** Yes, it is true that we are an alternative to the already existing vacation rental or booking platforms. When we started back in 2017 back in Amsterdam, we started from an activist point of view. We met with many other neighbourhood associations in Amsterdam to stop these predatory practices. We saw many of the problems in terms of access to fair rentals. It was becoming more and more expensive to pay our own rent and to find a house to live. So we really understood that we have to find a way to stop it. But in this process we thought, why don't we really create an alternative platforms or a more sustainable platform. However, I must say that we do not say that we are the enemy or opposite to Airbnb. We think that Airbnb at the beginning was a very nice idea, they started with good goals. But things went in another direction. So, of course we want to be a success and be a very big platform, but we also think that it is a success to change the dynamics of the whole market – and we really think that we are doing this.
- Dillon:** What would you say is the biggest different between Airbnb and Fairbnb?
- Jonathan:** One of the biggest differences' is that we are under a cooperative structure. One of our major goals is to leave most of the revenue in the territory where these revenues are created. So when we talk about being sustainable, we really mean it three ways. We talk about social sustainability, environmental sustainability, but also what is super important to us is economic sustainability for the territories where the activities are being held. Our main differences are that 1.) We are a cooperative. Thus, we involve local communities in the governance of the platform, so they can participate in defining how the platform works in their cities or territories. They can vote for the people who manage the cooperative, and they can also define the workers' rights, income and all these things. This is the very big first difference. I will share with you later the model so you can see how the revenues are distributed in the system.
- The very important second difference is sustainable tourism. What do we mean when we talk about sustainable tourism? First of all, we talk about making our activities sustainable for the territories where we are present in a social way. This means that for example, we don't want to affect capacity to access housing for local communities. So we have our 'one-host-one-house' policy. With our platform the hosts can just list one apartment. So what we want to avoid are these dynamics that you already know, that big companies buy many apartments and put them in this platform and then the rest of the people cannot find a house.
- Dillon:** With the 'one-host-one-house' policy that you have, does the house have to be the primary residence or can it be a secondary residence.
- Jonathan:** It can be a secondary residence. We are not against people that have many houses. That is not a problem for us. The problem is when they put all these houses in short-term vacation rentals, and thus extract housing from the market. This is the big problem. So you could have ten houses, but if you want to be with Fairbnb you sign a contract saying that you have just one apartment, not just in Fairbnb, but on all the booking platforms. So for example, if you have three apartments in Airbnb and one in Fairbnb, you cannot be in Fairbnb.
- Talking about sustainability, we are now implementing a system (peer-to-peer reputation system) on environmental sustainability. Our idea is to track and promote sustainable practices in our hosts and in our guests. For example, you can evaluate how sustainable a house is, where you go as a guest. And you can also track how you are travelling (if you are using a train or a plane; how long you are living in a place etc.). So our idea of a 'Super Host' is not a host that has a nice house (as is the case with Airbnb), but is a host that is sustainable, and connected to local communities, and these type of things. This is

still a development so you cannot see it in our platform yet. But it is something that will be crucial for us.

Dillon: In which cities is Airbnb currently operating?

Jonathan: It is important to understand that the current situation had a huge impact for the entire industry and also for us. On the one side, it means that we are paused for now, in terms of offering apartments and these type of things, but the good news is that local communities are starting to view us as a very good alternative for the post-Covid situation.

So if you look at our website, you will see that we are present in nine cities, but right now we are working with many other cities – mainly in Europe but also in other parts of the world – to ask them to activate Fairbnb there after Covid stops. And these cities are Venice, Amsterdam, Marseille, Geneva, Bologna, Granada, Valencia and Porto. These are the nine cities where we are currently active.

Dillon: When you look at Madrid, the cases of Airbnb in the city centre are actually more than in the case of Barcelona. Thus, are you looking to expand Fairbnb into Madrid as well?

Jonathan: You will see that very soon we will open a community page in our site and you will see not just the already active cities, but also the cities that are currently under activation – and Madrid is one of them.

Dillon: What are the difficulties associated with contacting new cities and expanding the Fairbnb concept. What are the main barriers, or political or power struggles that you face when trying to expand Fairbnb? Because people mostly react to economic incentives, which is why Airbnb works so well. Can Fairbnb compete on this level of price?

Jonathan: From the economic side. I think we can compete with Airbnb, because our model is very similar. We add a commission to every booking (15% of every booking). What we do is that half of that commission is donated to local projects in the place that you are going as a guest.

Dillon: And the other half is used to run the platform. Correct?

Jonathan: Exactly, one part funds local activities because the most important part for us. And the other part of the percentage goes to us – to the central Fairbnb. Even with all these stakeholders and local actors, our model works. It works because the central of Airbnb wants money for themselves and of course we are not on this economic growth model that are based on revenues. So yes, our business model can compete with Airbnb. If you are interested I can later share with you some numbers.

Then, from the political side. Yes, this is a good question, because what we are seeing is that in many cities local governments are really happy to receive us. Because they are indeed looking to stop the Airbnb effect. But they don't do it in the public realm. They don't make it public. They are very happy to meet with us in private and discuss with us to look for potential collaboration, but they don't want to make it public. At least, for example, in Amsterdam they did it. But we have been talking with other cities and in the biggest and most touristic cities, it is very sensitive. Because even Fairbnb can be very political or very sensitive from the political point of view.

Dillon: What is the reason for why meeting would be kept private, and not public?

Jonathan: We have been talking, for example, with the City Council of Barcelona, and the civil servants and other people who are working to improve the vacation rental regulation, they were really happy to collaborate with us. It was a very nice meeting. We learnt a lot. And they were even saying that they want to help us adapt the platform to the region of Barcelona. They also said to us that we could talk to the politicians to even look for a collaboration agreement. But here is where it gets very sensitive because basically what happens is that there are many neighbourhood organisations that don't want any short vacation rental platforms at all. So there is a lot of pressure from local associations to really stop even fairer alternatives. So that is why it gets so sensitive in most touristic cities.

Dillon: Have you noticed this trend in other touristic cities or is Barcelona a specific example?

Jonathan: I think Barcelona is a very specific example. Even Amsterdam which is in quite a similar situation as Barcelona is not so closed or sensitive in this sense. In Amsterdam we have had conversations even on a deeper level and it's not the same. But for example, Barcelona, it's quite sensitive in this sense.

Dillon: So let's get into the Pandemic, and how it has affected Fairbnb. Firstly, how do you think the pandemic has exposed the difficulties of Airbnb. Airbnb fell drastically, in other words, how do you think the pandemic has exposed the unsustainability of the Airbnb model?

Jonathan: It's very evident. For example, I live in Valencia here in Spain. Of course we have the Airbnb effect in this city as well, but it's not so big as in Madrid and Barcelona. But, for

example, the rental prices dropped a lot. It was incredible. From one week to the other, you could see many apartments that were in Airbnb that reappeared in long-term rental. So the effect is really evident.

Dillon: It's often been denied that Airbnb contributes to a rise in rents, so since we have seen that the pandemic has led to a drop in rental prices. Perhaps we have now seen that Airbnb in fact does contribute to increases in city rents.

Jonathan: Yes, I would really love to find an official report that shows the specific impact. Even looking at Idealista and other platforms it was very evident.

Dillon: The pandemic has also affected your ability to expand Fairbnb. In which ways has it created difficulties in Fairbnb.

Jonathan: It is a two sided thing for us. One the one side, it has of course stopped the activity in terms of economic transitions. We are having very little bookings and even hosts are also not so active now. It has impacted our economic activity. However, on the other side, there are even more actors and different stakeholders that are approaching us even more now than before, because it has become evident that the Airbnb model is not sustainable anymore. And I think people are looking for something different for after the Covid situation. So what we are doing now is taking advantage of this moment to build new communities, to improve our platform, and to make relationships with bigger stakeholders. And I hope that this will even be good for us to grow in the future.

Dillon: Do you have any idea when we can talk about a post-Covid era. A lot of experts are talking about a continuous pandemic for the rest of our lifetimes. So what do we actually mean when we talk about a post-Covid city?

Jonathan: The reports that we have read have stated that this summer, some activities will start, and being optimistic we hope that already in this year we will be able to be able to continue testing the model in new destinations. Of course we are not just waiting for everything to just return to how it used to be. We are also rethinking our model. We are also thinking about online-experiences not only for tourism but also for locals. We also thought that Fairbnb can also be useful for local people to travel in their own cities or own countries. This is important for us, that tourism is not just going to a place, but going to a community. So Fairbnb for us would also be getting in touch with local people inside your city or region. We are also rethinking our model in this sense. So to answer the question, we are hoping that touristic activity will at least at a national level will start this year and that it will adapt to our changes in the model. And I hope that next year we can start doing some more international activities.

Dillon: Is there any conversations that are happening between Fairbnb and Airbnb? Is there conversation about working together?

Jonathan: We are of course having conversations, and the name is an issue as you can imagine. We have had conversations with them, but not to collaborate. They have not gone against us. It is quite a neutral situation. We always insist that we are not against Airbnb, but are a different model. We hope we can invite other platforms to think about their own models.

Dillon: As we see with these digital start-ups, their aim is usually to have the monopoly. Do you think that as Fairbnb grows, that there is room for conflict in the future?

Jonathan: First, I really hope that we start to expand, and then yes I think it will happen. Then we will have to find a way to interact. I think Airbnb is also changing their model, as the pandemic has shown that it is not sustainable anymore.

Dillon: As we've seen in the start of 2021, we have seen that digital companies such as Twitter and Facebook, in the storming of the Capitol in the States, blocked Donald Trump's account. We also saw in the military takeover in Myanmar, we also saw how Facebook prevented any propaganda from spreading in the military coup. So it appears that these tech companies are taking on social responsibility. I see that this is already a big theme in Fairbnb. Do you think that in the future Airbnb will be increasingly criticised for their lack of social responsibility? That in the near future, they will no longer only be recognised as a technology company, but as an economic agent that needs to take responsibility for things such as rising rents, locking locals out of the housing market. Perhaps we are seeing a change in how we view these platforms.

Jonathan: Yes, I think that this is a trend. It's sad in a way, because I think this had to happen many years ago, but only now it's a trend. And when things are a trend they have an impact. I also saw a few days ago a communication they did about environmental responsibility. They are already doing it. This is good, even for us. When I saw these actions they took, and if you saw the comments of people, it is that people don't trust the actions of companies anymore in many places. And I hope that we are able to grow in the

meanwhile and be an alternative. Because even if Airbnb does all this “greenwashing” or “social washing” things, it is our model that is a cooperative. And just by looking how its structured and how the revenue-sharing system is structured, it is fairer than any other booking platform because we are really leaving the revenues – through our local partners - in the territory that we are present – creating local employment there and all these things. Even with these activities, I find it really difficult that these companies will change to a really fair and sustainable model. So let's see. But of course the market is there, and the investors are there. But these companies grow in a much easier way.

Dillon: I really hope that Fairbnb allows that other companies think about the next normal or the next future for tourism and how they might be more sustainable.

Jonathan: In our case, although our model started off with short-term vacation rental, what is in our plan is to offer a 360 degrees' tourism alternative. So we of course want to go to hotels, experiences and different pieces of the market to really offer a sustainable alternative. Not just in vacation rentals but other markets places as well.

Dillon: Would you say that promoting at home travel is important. For example, flying is a huge cause of environmental pollution. Are you promoting local travel more?

Jonathan: That is one of our main strategies in the Covid situation.

Dillon: If there is anything that you think I missed or did not ask, that you feel is important or anything you would like to add, you can use the time to do so.

Jonathan: Let me show you the model so that you can see how it is structured. But to go over our main points it is cooperatism, sustainable tourism and in part in local communities (also in economic terms). Giving back sovereignty in local tourism is important as they can have decided what can be listed and what cannot be listed in their communities. These points are crucial.

Dillon: Yes, it is a very democratic model where power is given to citizens. Not top-down corporate power, but bottom-up citizen model.

Jonathan: Yes, I will share screen with you now, but I can also have sent the presentation to you later. You have probably seen this thing before, but how it works is that there is the booking price, we apply a 15% commission to the price. Then half of this commission goes to fund community projects, and the other half goes to Fairbnb. Then this part [Fairbnb.coop platform], also splits into two parts. One goes to fund the local partners who find local projects and support us, and basically do the local activities. And then, the other part goes to the development of the platform. So as you can see here is that most of the value goes to the local community and this is crucial for us. And then of course you have this thing where the local community decides the local policy. So what kind of host can enter and cannot and these things. But I will send you this and you can ask me any other questions by mail. Also when you finish your research I would love to read it.

Dillon: I can definitely send it to you. Just to confirm, is it alright for me to use your name and surname in my thesis?

Jonathan: Yes, you can do it of course.