

# **Serviced Apartments/ Short-Term Rentals Market in Europe**

**A comparative study in Five European Countries**

Research Paper

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Brussels, May 2023

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## **Abbreviations**

e.g.	exempli gratia
EU	European Union
Etc.	et cetera
STR	Short-Term Rentals
GDP	Gross Domestic Product
ARR	Average Rental Rate

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## Introduction

The serviced apartment market<sup>1</sup> in Europe has become increasingly important and experienced significant growth in recent years. (European Commission, 2022) Although the serviced apartment market was once considered a niche offering, recent megatrends suggest that there is increasing demand for flexible, convenient, and cost-effective living arrangements that cater to individuals' diverse needs and preferences across different phases of life. (Serviced Apartment News, 2021)

Generally, serviced apartments can be categorized as a hybrid of the hospitality and residential sectors, offering a range of amenities and services like those found in hotels, while also providing the comfort and convenience of a fully furnished apartment. Typically, they are rented for short to medium-term stays, ranging from only a few nights up to several months, depending on the offered type of apartment. Optimally contributing to the demand's needs, serviced apartments offer added value, not only to the tourist market but to students, business ex-pats, singles, etc. (European Commission, 2008)

Given the limited availability of proper data on the serviced apartment market in Europe (European Commission, 2022) this research paper aims to concentrate on collating comprehensive information about the present state of the market and predict prospects. The research paper examines market growth factors and key factors that influence the decision to rent a serviced apartment rather than traditional hotels or apartments. Explicitly the research paper engages in current occupancy rates, price ranges, target audience, and its demographic background, as well as the average duration of stay. To address the expectations and requirements of the market, this research paper also endeavors to consider the impact of the Covid-19 pandemic and current legal regulations on the Serviced Apartment industry.

The main goal of this research paper is to provide stakeholders, such as agents, asset

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<sup>1</sup> The term "serviced apartment" is used interchangeably with "short-term rental" in this research paper. "Short Term Rental" refers to the comparable short duration of stay in the Serviced Apartment.

managers, and developers, a profound insight into the current needs, trends, changes, and prospects of the Serviced Apartment Market, enabling them to develop new innovative approaches through a cross-country analysis of the surveyed topic.

## **Methodology**

The objective of the research is pursued by a combination of desk research of the serviced apartments market and likewise, talks with experts on this topic to provide a comprehensive understanding of the industry. A panel of experts, hailing from five distinct European countries namely Austria, Germany, Italy, Czech Republic and Finland, has been assembled with the objective of providing a comprehensive representation of the European market through their collective expertise.

The desk research is involving professional industry reports, academic articles, and professional statistics to identify the current market situation. Following, an in-depth questionnaire was drafted to emphasize and comprehend the market changes. The group of experts is composed of national experts and delegates on this topic. The Questionnaire aims to provide an overview of different national approaches and prospects for the future.

The qualitative method-based research paper primarily utilizes an open questionnaire, comprising 17 questions designed to elicit additional thoughts on the subject matter. To enhance the response rate, the researcher is offering both, telephone as well as offline interviews. In qualitative research, it is essential to ensure consistency between telephone and offline questionnaires to establish an equitable interviewing atmosphere and uniformity. This is reflected in the interview transcripts. The questionnaire itself and the interview transcripts can be found in the Appendix of this research paper. Hence, it is important to mention that the questionnaire was submitted anonymously.

Through this presented methodology, the research paper aims to provide a good combination of classic desk research with expert insights, to produce valuable findings. It is essential to acknowledge, however, that this research paper delves into the market perceptions of representatives from five different European nations, each possessing diverse regulatory frameworks and tourism strategies. As a result, this research paper cannot be

deemed an exhaustive market analysis of Europe as a whole. Additionally, the desk research within this research paper has certain limitations, including literature gaps and the absence of its verification. It can therefore not be seen as an infinite market study representing the voices of Europe. Also, it is crucial to note that this research does not intend to offer recommendations, nor does it entail critical juxtaposition with other real estate industries.



## Data Analysing Method

The questionnaire encompasses both, quantitative and qualitative questions, aiming for a well-rounded research approach. To further aid the audience's comprehension, some of the qualitative research is visualized, providing a clearer representation of the gathered data. In order to encourage further discussion, open-ended questions are part of the questionnaire as well. These aspects are not included in the figures, but taken into account in their respective sections, with a particular focus on national particularities. Particularly, the figures consist of bar charts and pie charts. The bar charts include the total sum of the responses given and therefore visualize an exact point sum. The height of the chart visually indicates the importance. This enables easy comparison between different segments. In contrast, pie charts were used to visualize the percentage immediately. Hence, they were used in order to visualize the proportion in relation to the whole.

## Scope and Limitations of the Study

The classification of Serviced Apartments is found to be a complex and subjective matter during the research across different European countries. Moreover, the literature on this topic is not only lacking, but also often considers a regional perspective. Furthermore, the information often relies on market studies that have been conducted by private companies that may pursue their own interest or biases. To address this, the aim is to compare the survey data with the desk research findings and bring them to a common ground. However, the limitations of the sources and potential bias in the interpretation of the information need to be acknowledged.

Furthermore, the lack of a standard industry definition for serviced apartments (Rogerson, 2019) makes it difficult to compare them across different regions and operators. The research paper includes all types of serviced apartments, including those listed on platforms such as Airbnb. However, the process of guests choosing accommodations is not covered in this research paper.

## **An Introduction to Short-Term Rental/ Serviced Apartments Market in Europe**

This chapter aims to present a comprehensive definition of Serviced Apartments, highlighting the inherent challenges in their classification and discussing the specific terminology employed throughout the subsequent analysis.

### **A Definition of Serviced Apartments**

Serviced apartments first appeared in the late 1960s to meet the mobility of employees moving internationally as well as domestically. The sector then grew exponentially to provide guests and their families with home-away-from-home accommodation (Deepeka, 2018; Greenberg, 2019). The terminology in the field of Serviced Apartments can be complex and not as straightforward as it may initially seem as the sector grew exponentially, providing numerous differing accommodation forms, and meeting numerous needs. (Apartmentservice Consulting, 2020) Serviced apartments lack a standardized definition and vary by operator and region. (Rogerson, 2019)

Serviced Apartments refer to self-contained accommodations, that are fully furnished rooms equipped with amenities such as a kitchen, intended to house visitors for brief stays or daily or weekly duration. These accommodations typically do not provide complimentary services such as daily cleaning or food and beverage. Serviced Apartments are considered to belong to this category, depending on the offered length of stay (short, middle, and long stays). (Apartmentservice Consulting, 2020) The definition of Short-Term rentals by the European Commission is similar. (European Commission, 2008) In this regard, it is important to note that Serviced Apartments fall under the commercial use category, often managed by professionals and offering limited additional services, and are suitable for stays ranging from one night up to six months. (Zhang, 2019) On the contrary Short-term rentals are rather run by privates than professionals. Short Term Rentals and Serviced Apartments are two accommodation types that serve a similar purpose in the hospitality market. Both types of accommodation provide short-term housing solutions for leisure and business travelers. (Guide to Serviced Apartments, 2022) The survey conducted in Finland, Austria,

Czech Republic, Italy, and Germany reveals that accommodation types offering feel-like-home accommodation types are considered an important and relevant part of their respective hospitality markets. This highlights the need for regulatory frameworks that ensure fair competition between different types of accommodation providers.

### Types of Short Term Serviced Apartments

It is important to note that the designation of Short-Term Rentals can vary depending on the region, corporate marketing strategies, and overall identity of the accommodation. Some common terms include Aparthotel, Corporate Housing, and Serviced Apartments with the latter being considered an umbrella term. Aparthotels are a type of accommodation that bridges the gap between traditional hotels and apartments, while corporate housing typically derives from the residential sector and is intended for extended stays by business travelers or relocating employees. (The Apartment Service Worldwide, 2021, p. 21) The research paper, however, focuses on the umbrella term, excluding long-stay opportunities. The illustration below depicts the diverse accommodation types in Germany and Austria, which classify the industry based on residential and commercial use. Table 1 represents the German market and Table 2 the Austrian market conditions. It can be concluded, that Serviced Apartments offer housing from 1 night to max 6 months and include limited to selected amenities.

Wohnungsmarkt	Wohnwirtschaftliche Konzepte		Gewerbliche Konzepte		Hotelmarkt
	Furnished Accommodation	Serviced Accommodation	Serviced Apartments		
<b>SERVICE</b>					
	kein	limited >	selected	limited >	full
<b>AUFENTHALTSDAUER</b>					
	mind.: (3-) 6 Monate max.: unbefristet	mind.: (3-) 6 Monate max.: unbefristet		mind.: 1 Nacht max.: 6 Monate	
<b>BETRIEBSTYP</b>					
	(teil-) möblierte Apartments	Living-Konzepte (Corporate Housing, Micro Living (<25 m²), Senior Living...)		Serviced Apartmenthaus	Aparthotel
		Student Living			
Co-Living					

Table 1: Charta for temporal residency German market (Apartmentservice Consulting)

Wohnungsmarkt	<b>Wohnen</b>		<b>Beherbergung</b>		Hotelmarkt		
	Furnished Accommodation		Serviced Accommodation	Serviced Apartments			
	SERVICE						
	kein	limited	>	selected		>	full
	GEWÜNSCHTE AUFENTHALTSDAUER						
	dauerhafter Wohnsitz	ausgerichtet auf long stay (Ziele: > 6 Monate / kein MRG)		max.: 6 Monate / mind.: 1 Nacht			
BETRIEBSTYP							
(teil-) möblierte Apartments	Living Konzepte wie bspw: Student Living, Senior Living, Heime		Serviced Apartmenthaus	Aparthotel			

Table 2: Charta for temporal residency Austrian market (ZLC Solutions, 2019)

## Economic Findings

### The effects of the Covid-19 pandemic

The hospitality market had been experiencing steady growth from 2009 to 2019. However, the outbreak of the COVID-19 pandemic in 2020 resulted in an unprecedented decline in the industry. Despite the economic challenges brought about by the pandemic, Serviced Apartments have demonstrated their resilience and flexibility in adapting to new circumstances. While the pandemic led to a major decline in bookings and revenue for the hospitality industry, Serviced Apartments were able to overcome the crisis. As the pandemic is no actual phenomenon, the research paper solely wants to assess, how the industry coped with this period and which aspects lead to the performance. In December 2021, the revenue per available room for the serviced apartment industry was down by only 17.9%, whereas the hotel industry's performance was down by 40% during the same period, as reported in the Savills Market Study. (Savills Research, 2022) At the end of 2022, almost 95% of 2019 levels have recovered. Holiday and other short-stay accommodations have shown a remarkable recovery, with occupancy rates almost reaching the pre-pandemic numbers of 2019, experiencing only a minor decline of -0.4%. (Eurostat, 2022) Also, the article in Immobilien Aktuell magazine showed that serviced apartments have proven to be crisis resistant. (Wagner, 2022)

One of the conducted surveys reported a decline of approximately 50% in 2020, compared to 2019. It is noteworthy that the region is now experiencing a revival and is approaching pre-pandemic numbers. Interestingly, this performance contradicts the analysis by Savills Market research, which predicted a decline of only 17.9%. In this regard, it should be noted that the Research Study by Savills is a broad study encompassing multiple countries, including both, better and worse-performing countries. (Savills Research, 2022) In this regard, a participant mentions in the survey that they have experienced steady occupancy rates of approximately 99% and maintained exceptional performance, even during the pandemic. They achieved this, by significantly reducing the prices extremely. Additionally, the survey states that some market players have flexibly adapted the short-term rental model to long-term and permanent lease contracts as a strategy to maintain occupancy rates. Lastly, it is important to acknowledge that the majority of the delegates are unable to provide the research paper with validated economic figures regarding the industry's performance in their respective markets. This issue stems from the lack of proper, validated, and harmonized data available in the field.

#### Influencing Factors during COVID-19 crisis

The reasons for the good performance were low operating costs, hence higher gross operating profit margins, and lower key costs because lower common space and facilities are required. Plus, the operation was not as influenced by sanitary requirements and labor shortages. (Savills Research, 2018)

Facilities, such as equipped kitchens, bigger spaces, and individual living spaces contributed to the positive revenue per unit for the serviced apartment industry, for guests seeking more control over their environment during the pandemic. (Wagner, 2022) Despite the unprecedented challenges posed by the pandemic, the industry was able to adapt and shift the tourist demand from traditional hot-spots to lesser-known regions, showcasing the versatility and resilience of the sector. This trend opened up new opportunities for the tourism industry to explore untapped regions and diversify its offerings, potentially leading to a more

sustainable and inclusive tourism landscape in the future. (European Commission, Short-term rental initiative, 2022) Additionally, leaner operational models and no to little staff members have made it possible for them to reduce expenses effectively and respond quickly to new difficulties.

### Current Market Size

According to the Inception Impact Assessment of the European Commission, the Short-Term Rentals Market accounts for over 23% of the tourist accommodation sector. This percentage is continuously increasing, reflecting its growing significance. (European Commission, 2022)

Based on the conducted survey, the average occupancy rate is found to be 22%, which aligns with the percentage reported in the market study and can be validated. It is important to mention, that only three countries could be included in this calculation, as two countries were unable to provide their market size. Furthermore, there are notable differences between individual states within the survey. The survey emphasized a range of market sizes between 12% to 35%, highlighting the need to consider each hospitality market on an individual basis.

### Occupancy rates and trends

Occupancy rates are crucial data for companies or providers. They refer to the percentage of accommodation units that are occupied in a specific period. Thus, the occupancy rate is often referred to as a key factor when assessing performance. This makes it difficult to obtain. The survey conducted occupancy rates of 55% and 99%, representing two countries that could provide data in this field. According to data gathered, the occupancy rate of short-term rentals/serviced apartments has been steadily increasing. The discrepancy between supply and demand usually leads to higher occupancy rates, reflecting the well-performing market and the untapped potential. (Helenius, 2023)

Table 3 presents the top-performing countries in Europe based on the average occupancy rate from 2022 to 2021. Notably, Table 4 illustrates a growth of +6.5% in occupancy, with

demand outpacing supply. This imbalance signifies a shortage of available supply to meet the increasing demand. (AirDNA, 2023)

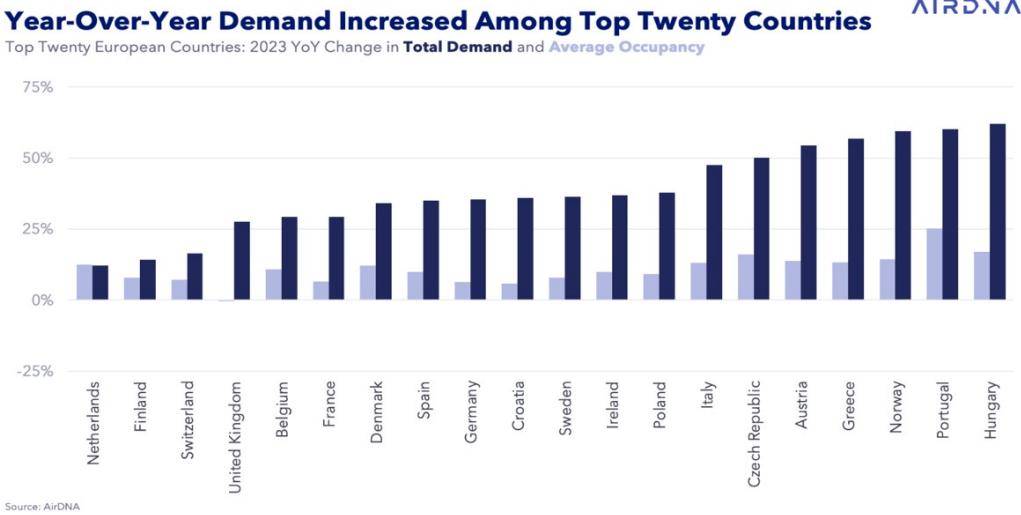


Table 3: Demand among Top 20 Countries Europe (AirDNA, 2023)

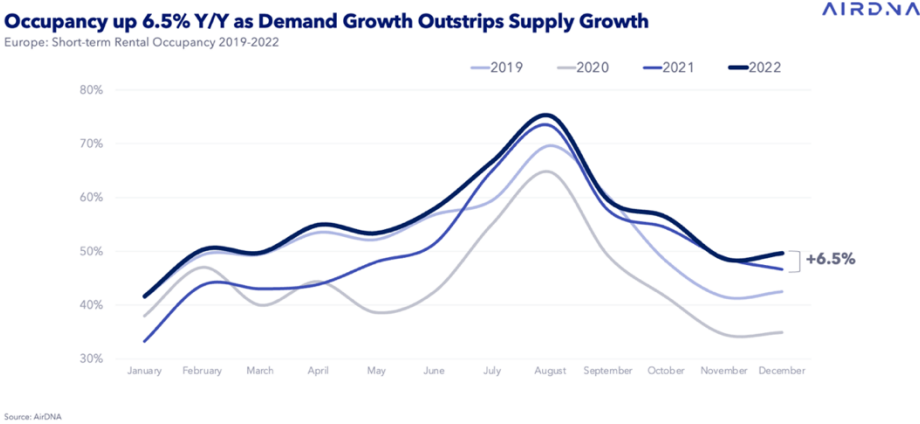


Table 4: Occupancy rates (AirDNA, 2023)

### Influencing Factors on the Performance

There are many factors that impact the performance of the housing and hospitality market, which are linked to regional and economic influences. Low operational costs, not as much dependance on human resources, flexible options, the modern approach to more isolated living, the opportunity to self-preparation of food, independent of the offer is driving the demand, which is going to become domestic driven in the future. (CBRE Research, 2021)

The survey presented six different answer options to determine why the short-term rental market is gaining popularity from the perspective of customer demand. These answer options were general growth in travel, increased proficiency, quality-price ratio, improved customer relationship management, and demand for higher flexibility. In the "Other" section, interviewees were given the opportunity to add national factors. Participants were required to select three factors, and the chosen factors are presented in Figure 5, represented in percentages. The answer field “Other” will be discussed separately.

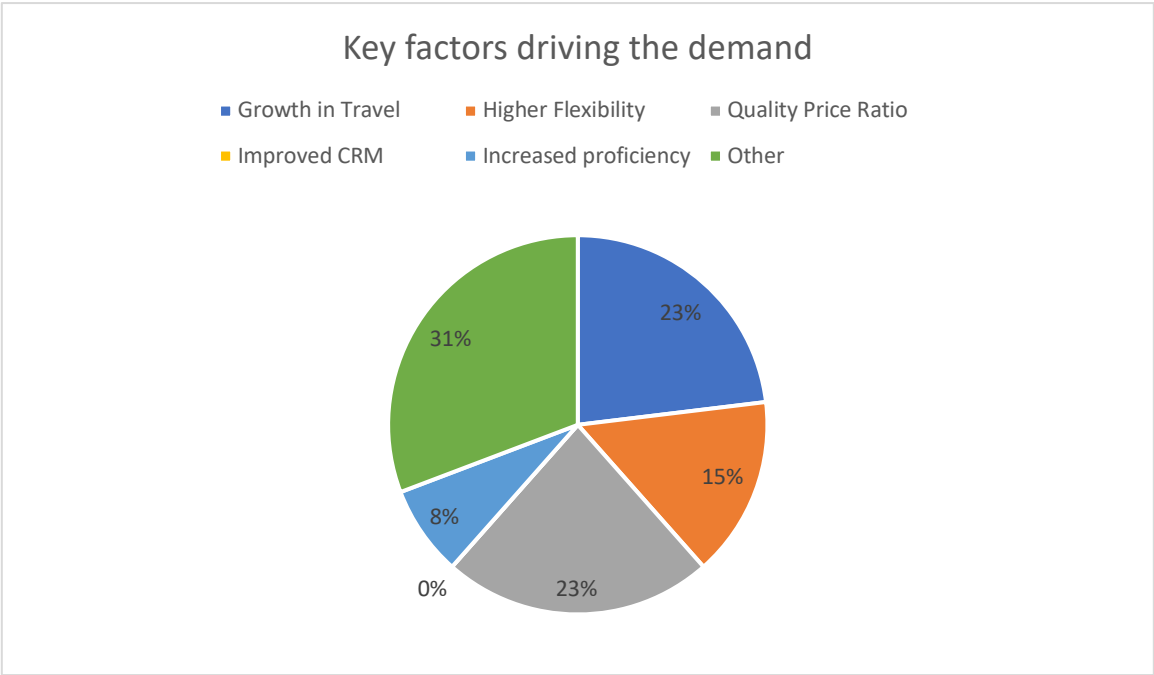


Table 5: Demand Increasing Factors (own illustration)



Market research conducted in Finland, Austria, Italy, Germany and the Czech Republic has revealed that the general growth in travel and the quality-price ratio are the main factors equally responsible for driving the demand, with 23%, not taking into account individually mentioned factors under “Other”. Another influencing factor is the increasing demand for more flexible options. This flexibility is reflected on both sides of the market. Customers are demanding high flexibility when circumstances occur that a stay in a hotel is not suitable because it lacks privacy and/ or facilities and/ or space. The flexibility supports personal preferences without compromising on the quality of hospitality. (Tomlinson, 2021) On the other hand, investors seek flexibility in their renting strategy, for instance by blending short- and long-term stays according to the demand. (Goh, 2022). This trend is also observed among the participants of the conducted questionnaire. They highlight the advantages of investing in short-term rentals over residential living due to the regulatory constraints’ landlords face in the latter. Short-term contracts are generally considered more valuable since they are not bounded by contract and consumer welfare regulations, making it easier to sell the apartments at market value and avoid legal challenges. Furthermore, the increased profit compared to long-term rentals is also a factor driving the demand. Other participants of the questionnaire mention a strong connection to the feel-at-home factor offered by short-term rentals due to the amenities and full apartment services provided. This current trend increases the demand. Increased proficiency of the suppliers is not playing a major role, with only contributing around 8%. Customer Relationship Management is not chosen by any of the participants.

## **The Market Demand**

The following issue will focus on the economic aspects of the Short-Term Rental or/and Serviced Apartments market in Europe. The discussed topics are involving occupancy rates, the average length of stay, the demands' demographic background as well as the features the demand seeks when renting out accommodation. The performance of short-term accommodation types is particularly depending on correlating factors such as location, digitalization, etc. (CBRE Research, 2021)

### **The Average Length of Stay**

A provider of serviced apartments should determine from the beginning whether they will focus on long- stay accommodations with a mix of short-stay or vice versa. Providers who attempt to offer both equally often struggle to establish a successful presence among their target audience in the later stages of operation. (Öckl, 2018)

According to the survey conducted, three out of five respondents indicate that the average length of stay in short-term rentals is one to three weeks. The other two participants define the average length of stay to be four to six months, exclusively renting out properties for extended periods but still not permanently. This suggests a general preference for longer stays, regardless of the type of travel. However, some participants, explicitly mention that only few stay for longer than a month. Typically, stays of one to three weeks are sufficient for both business and tourist trips that do not require relocation. This finding contradicts the demand for stays lasting several months.

According to a survey by Savills Market Study, 52% of global travelers prefer longer trips, indicating a new trend in travel preferences. (Savills Research, 2022, p. 4) Similar to the findings in this study, the focus of 40% of the participants is longer stay accommodation types (3 to 6 months), confirming an equal division between 1-3 weeks and 3 - 6 months stays. This reflects the current state of the market. However, it should be noted that the pandemic and recent developments in digitalization have significantly shaped the working environment. Many individuals no longer require traditional office-based work and are increasingly embracing remote work. Consequently, the connection between work and

leisure has become more appealing, which may indicate an evolving trend in the next five years. (Room Space, 2023)

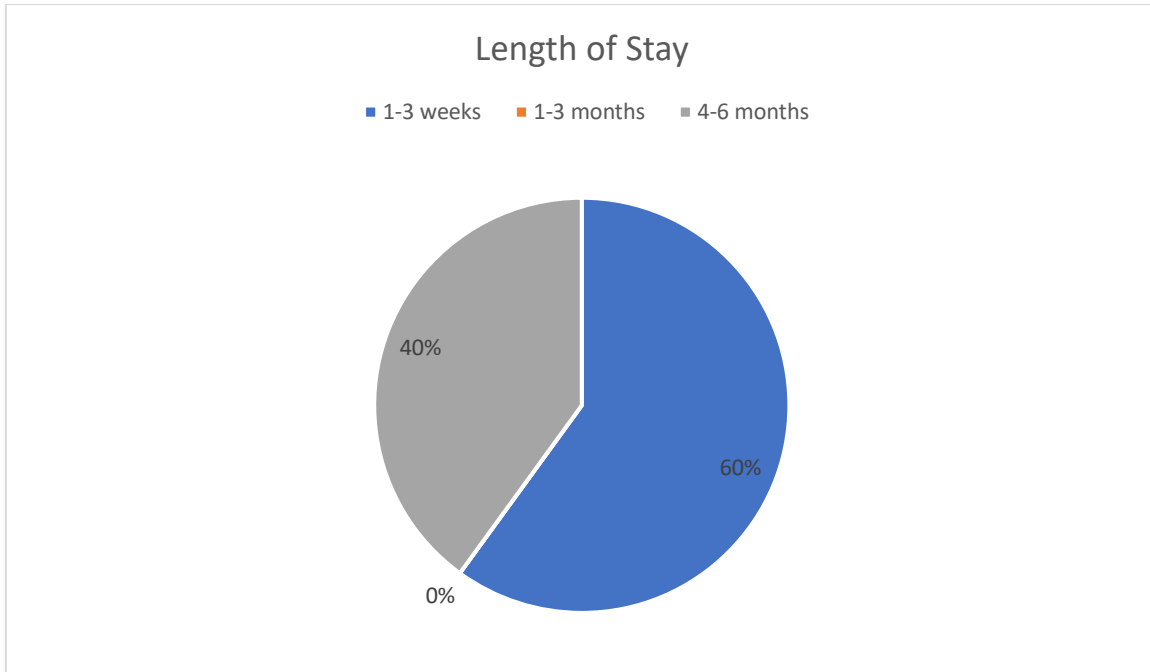


Table 6: Length of Stay (own illustration)

## Target Market

The serviced apartment market caters to a range of potential customers, including, relocating individuals, business expats, and tourists. (Deepeka, 2018) This is a non-exhaustive list, whereas for the research purpose the potential target groups of students and digital nomads have been added to the questionnaire. A digital nomad is a person who uses technology, such as laptops, smartphones, and internet, to work remotely while traveling. They are not tied to a specific location and can often work on a flexible schedule. Relocating people refers to the process of moving individuals or families from one location to another for various reasons. It may involve a change of residence within a city, a move to a different city or region, or even a relocation to a different country. People may relocate for many reasons, including job opportunities, family reasons, lifestyle preferences, or simply a desire for a change of scenery. Certain specialized companies are dedicated to offering comprehensive services tailored for relocations. While the list of services provided is non-

exhaustive, it typically includes essential provisions such as temporary accommodation. These companies often collaborate with apartment providers to ensure seamless arrangements during relocation events. (Ang, 2022) Serviced apartments or short-term rentals can play a helpful role in providing flexible, fully furnished, and equipped accommodation for those who need a temporary home away from home. Relocation may occur for various reasons, such as job opportunities, family reasons, lifestyle preferences, or simply a desire for a change of scenery. Companies may also provide relocation assistance to employees who need to move for work-related reasons, which may include finding a new home and logistical support. The relocation process can be complex, requiring careful planning and coordination to ensure a smooth transition to the new location. The customers are those here for corporate relocation, business trips, tourism, and medical. (Deepeka, 2018)

Based on the conducted research, the survey results regarding the target audience are presented in Table 3 and Table 4. Table 3 represents the findings using a bar chart, providing visual insights and clarifying the role of each target audience. Each response option, namely tourists, business expats, digital nomads, relocating people, and students, is represented and counted by points. In contrast, table 4 presents the same results in percentage format, emphasizing the distribution among different segments.

Among the segments, business expats play a particularly significant role in this industry, accounting for 28% of the occupancy rate. They are closely followed by tourists, represented by 24%. Furthermore, 21% of relocating individuals/and or families prefer short-term serviced apartments during the transitional period. One participant of the survey emphasizes the importance of collaboration between specialized relocation firms and apartment providers in facilitating this temporary housing solution for relocating people and the focus on this niche.

Digital Nomads constitute a smaller portion of the target audience at 17% currently, although they are recognized as a potentially growing segment in the coming years. Their prominence is increasing, and they might be an attractive client group for apartment providers. At present, students play a minor role in the serviced apartment market, with only one participant rating

them higher than at last. The survey finds that although there might be providers with student options, they remain a minority due to relatively high costs compared to more cost-efficient shared accommodations or student housing.

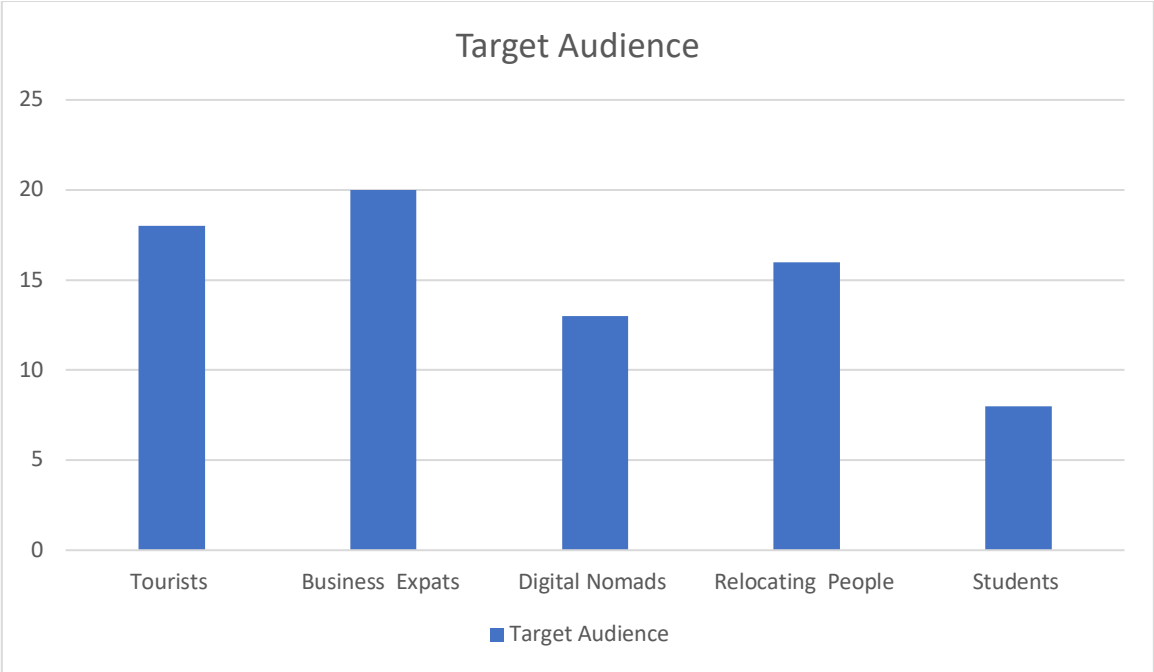


Table 7: Target Audience- bar chart (own illustration)

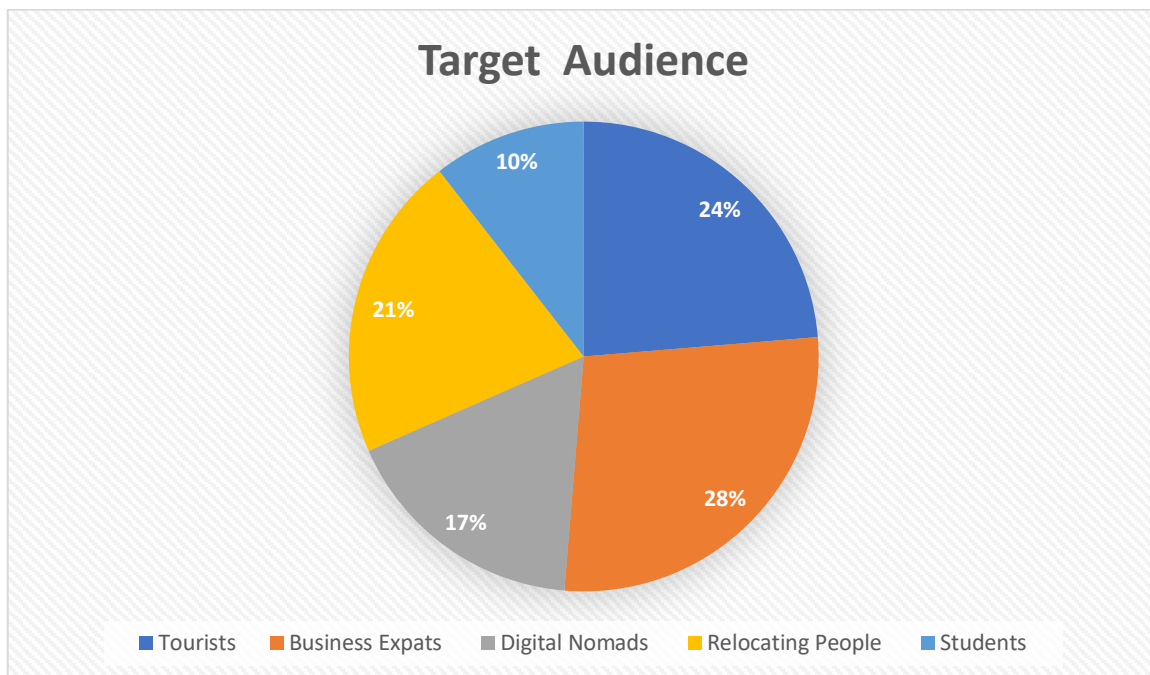


Table 8: Target audience- percentage (own illustration)

### The Average Price Range

The growth in occupancy rate is observed across all price tiers, but is especially significant among lower-priced units, increasing by 11.2%, followed closely by the economy (11.1%) and mid-scale (10.5%) tiers. (AirDNA, 2023) In urban areas, smaller apartments offering approximately one bedroom are in higher demand compared to other regions. Apartments with more bedrooms are usually sought after when larger groups are traveling together. (AirDNA, 2023) The value of larger home-like spaces offered by serviced apartments at a lower price is undeniably attractive to travelers. (Connolly, 2022) Looking at it from the customers' perspective, the Global Consumer Survey 2022 in Italy revealed that 53% of respondents prioritize the cheapest type of accommodation when booking a tourist trip. (Statista, 2022 )

The research conducted with the questionnaire shows similar results. The price plays a vital role when choosing an apartment. First, it should be cheaper than a traditional hotel to raise interest in the alternative hospitality type. Plus, generally when it comes to the reasons to

prefer a short- or a longer-term accommodation type, price is more important than other facilities. Price range is a decisive factor when selecting a particular short-term rental or comparing different types of accommodations. The aim of the survey is to distinguish the percentage of the price range, beginning with 50 -100 EUR per night (cheap), 100 – 150 EUR (moderate), 150 – 200 (expensive), and over 200 EUR (luxury). However, only one participant has been able to provide an in-depth examination. 80% of customers choose the lowest price range, whereas only 10% pay high prices, and the luxury segment can be regarded as not necessary. The probable issue to assess the percentage is the different price ranges varying by country, but also regionally. Thus, one participant says, the cheapest average short-term accommodation type begins at 150 EUR. Another participant of the survey does not give a clear indication on the price. Instead, the participant mentions the correlation to the pricing of hotels. Short-term accommodation forms should be more price beneficial than hotels.

### Transparency in Pricing

Another price-correlating issue addressed in this research paper pertains to the billing practices of serviced apartments providers. Given the hybrid model combining residential apartments and hotels, the researcher aims to analyze the more recent and modern approach to billing. Thus, the survey questions whether customers preferred transparent itemization of expenses or an All-In Fee. The All-In fee refers to a flat rate, that is advertised prior to booking and already includes the total amount charged, encompassing all expenses such as electricity, taxes, TV, internet, and rent, regardless of the actual usage. For example, the total consumption of energy is not calculated individually but is included in the total payment. The customer can consume more or less than the average assumption but will not receive a refund or additional payment. The All-In Fee represents an estimation. According to the results of the survey, 60% of the participants consider the breakdown of costs irrelevant and mention that All-In fees are usual in this segment. The remaining 40% state that All-in fees are not the standard practice but there is a transparency policy regarding accommodation and user expenses.

This finding suggests that customers are primarily interested in the total cost of their stay rather than the breakdown of individual costs. However, it should be noted that this may depend on regulatory requirements, influencing billing practices. Additionally, considering the current pricing situation of gas and electricity, there might be shifting in consumer behavior towards a sustainable and responsible approach to individual billing. (Rausser, et al., 2023)

### The Appeal of Serviced Apartments

This chapter focuses on the assessment of factors influencing the decision of choosing a particular serviced apartment. There are some potential factors, on which a provider should focus. Five categories are analyzed, namely Location, High-Quality Equipment, Digitalization, Gym and Wellness Facilities and Parking Lots or Carsharing. The facilities are chosen based on the approach to include classic elements such as Location and outbalance them with booming factors such as digitalization. There are certain limitations in research in this chapter. First of all, the importance of these facilities and factors highly depends on the location as well as the target audience. For the purpose of this research, it was impossible to touch upon all connections. Hence, the general intention was to point out trends in this industry.

Table 5 illustrates the different options in relation to the countries and shows the total points given. Summing up, table 6 focuses on a classification by percentage, taking into account all countries alike. Generally speaking, it is particularly interesting that the majority of the countries in the survey agrees on the importance of various facilities in this industry. Table 6 presents the correlation of the bar charts, revealing interesting patterns. The category Gym and Location achieves a consensus among participants, with only minor discrepancies. However, there is notably more disagreement regarding digitalization and the necessity of parking slots or car-sharing options.



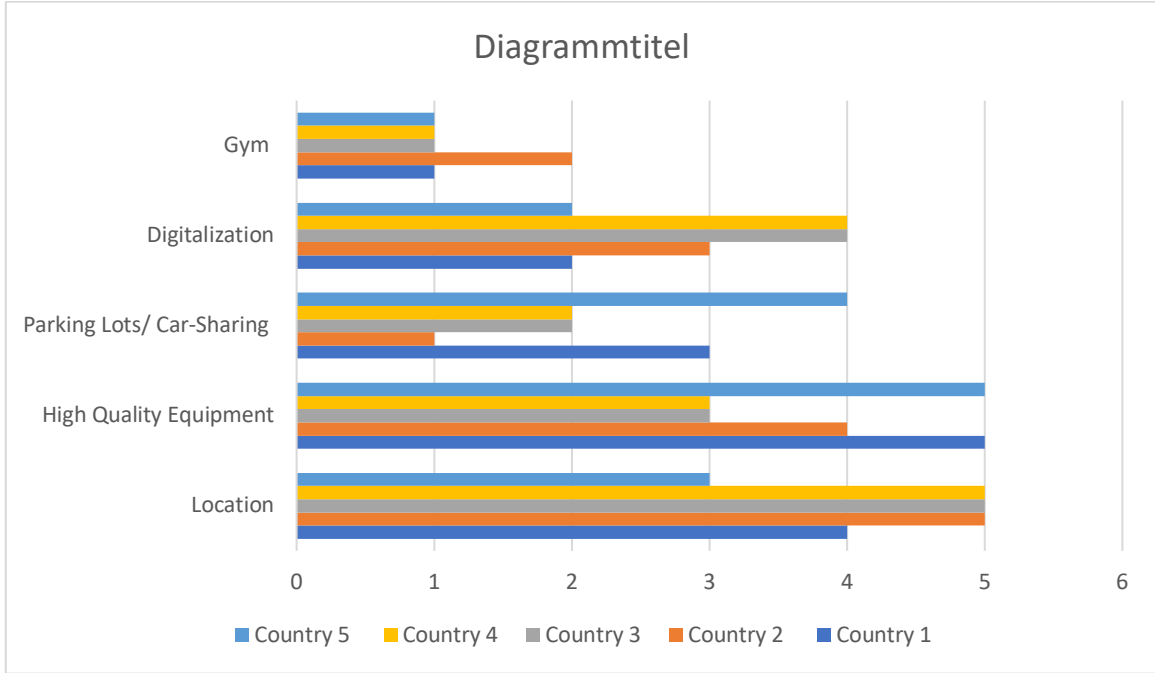


Table 9: Influencing factors by total point count (own illustration)

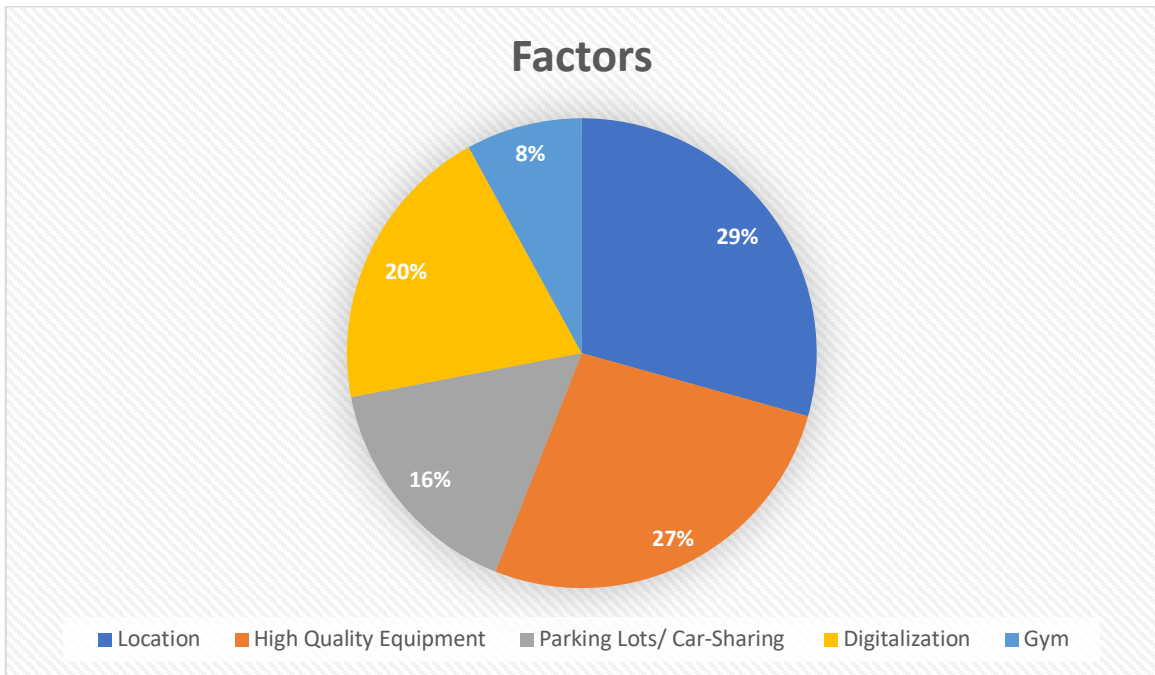


Table 100: Influencing Factors by percentage (own illustration)

## Location

The location of short-term rentals is the most important factor influencing customers' preferences, constituting 29%. Interestingly, all countries, besides one share the same opinion and rate location higher than average. One survey participant explicitly highlights the importance of proximity to the work office. Tourists tend to choose locations close to tourist attractions, while business travelers may opt for locations close to their offices. This could mean an advantage for providers situated in business hubs, close to dominant companies when engaging with business travelers. Following this argument from the participant, people relocating opt for accommodation close to their future housing. Generally speaking, the location is the key factor and of particular importance.

## High-Quality Equipment

In this survey “high-quality equipment” refers to the facilities found in the kitchen/kitchenette, the sanitary area, the living and dining area, and sleeping facilities. The term “high” is used to assess whether the equipment surpasses average standards. It should be noted in regard to the coherence of this research paper, that this classification does not imply a luxury class, but rather emphasizes a level of comfort and convenience. It should furthermore be recognized that standards may differ across countries. The survey aims to examine the significance of additional amenities. The participants rate this aspect higher than average, with 27%. Following location, the equipment, style and overall looks of the apartment appear to be particularly important to the target audience. Notably, the participants emphasize the importance of this factor in terms of online advertising. However, considering the preference for rather price-friendly options, higher-tier amenities may not hold significant importance. Notably, the relevance of high-tier facilities and their correlation to the price sensibility of the demand is not asked in the survey. Additionally, the questionnaire highlights the feel-at-home factor that holds significant importance.

## Digitalization / Tech Augmented Hospitality

Digitalization has undoubtedly been on the rise in the past few years, with increasing numbers of customers seeking online services such as check-in/out, booking systems, and mobile apps. These services have proven to be attractive to customers, enhancing the guest experience, fostering customer-friendly relationships, and boosting efficiency. (Room Space, 2023) Digitalization is a major driver for market demand, and digital services offered by companies are crucial for their performance. This also applies to the shorter-term accommodation market, where guests expect a seamless experience with the flawless transition between technology and human-supported aspects. This can deliver a competitive advantage in the market, especially if there is smooth interworking between Customer Relationship Management and Property Management systems to support guests' experience. (Amadeus; InterContinental Hospitality Group (IHG), 2019, p. 5) Digitalization is rated slightly higher than parking lots and car sharing, with 20% of the participants considering it to be an important factor. Given that digitalization is a relatively recent development, this moderate ranking indicates its growing significance in the author's perspective. This also indicates a shift to more eco-friendly options without compromising convenience. Moreover, the higher ranking of digitalization in comparison to parking slots further highlights the increasing relevance of technological advancements in the industry.

## Gym and Wellness facilities

Despite the growing wellness trends and increased emphasis on self-awareness (Room Space, 2023), gym and wellness facilities are related as the least important factor according to the conducted survey. Only 8% of the participants consider them significant. This finding highlights a contrasting perspective, indicating that other factors such as digitalization, parking options, and convenience hold greater importance on the target market of short-term accommodation types. The participant of the survey describes wellness amenities as "nice to have but not a must". Also, market studies conducted in this field, enlightened those properties without a gym, and closely saw the same rise in occupancy rate. (AirDNA, 2023)

## Parking Slots/ Car Sharing

Lastly, parking slots and the option for car sharing are chosen by 16% as a particularly important necessity regarding serviced apartments and/or short-term rentals. According to research, properties that do not have parking as a listed amenity grow occupancy by 16.3%, which is much stronger than properties that do have parking, which only increased by 7.2%. Therefore, mainly other factors are crucial for the growth of occupancy rates and cannot be led back to parking slots solely. It should be noted, however, that depending on the location, parking slots or the option to share a car can be crucial factors. (AirDNA, 2023)

## Marketing Channels

After having discussed the overall market situation and expectations to serviced apartments as a short-term rental opportunity, the survey asks which distribution channels are commonly used. The options included AirBnb, Booking.com, social media & Influencers, own Website/Channels of Providers, External Agencies & Professionals and a section “Others” for further country-based information on this matter. Booking.com and AirBnB as online common distributing platforms are chosen based on their overall market share. This is primarily due to the massive market share that Airbnb holds, estimated to be around 20% of the global vacation rental market share. Despite the diversity in marketing strategies, Airbnb plays a crucial role in marketing and offering these accommodations. Booking.com is the second major marketing channel according to the survey, holding 67% of the travel market share in booking platforms in Europe. (Lodify , 2023) While there are other platforms such as expedia.com, etc., these are not listed in the survey. The aim of the survey is to provide insights into whether commonly known platforms are used to promote the accommodations or if they rely on self-initiatives. It is clear that sharing online platforms with high global reach, tend to have better value when promoting accommodations. External agencies also play a role in marketing, although they are often subordinated compared to other marketing channels. It is important for short-term rental providers to diversify their marketing channels and make use of online platforms with high reach to ensure maximum visibility and bookings. (Lodify , 2023) Serviced apartments need to take advantage of this

during the marketing and consider improving their service offering as this is also one of the weaknesses identified in a service apartment (Deepeka, 2018).

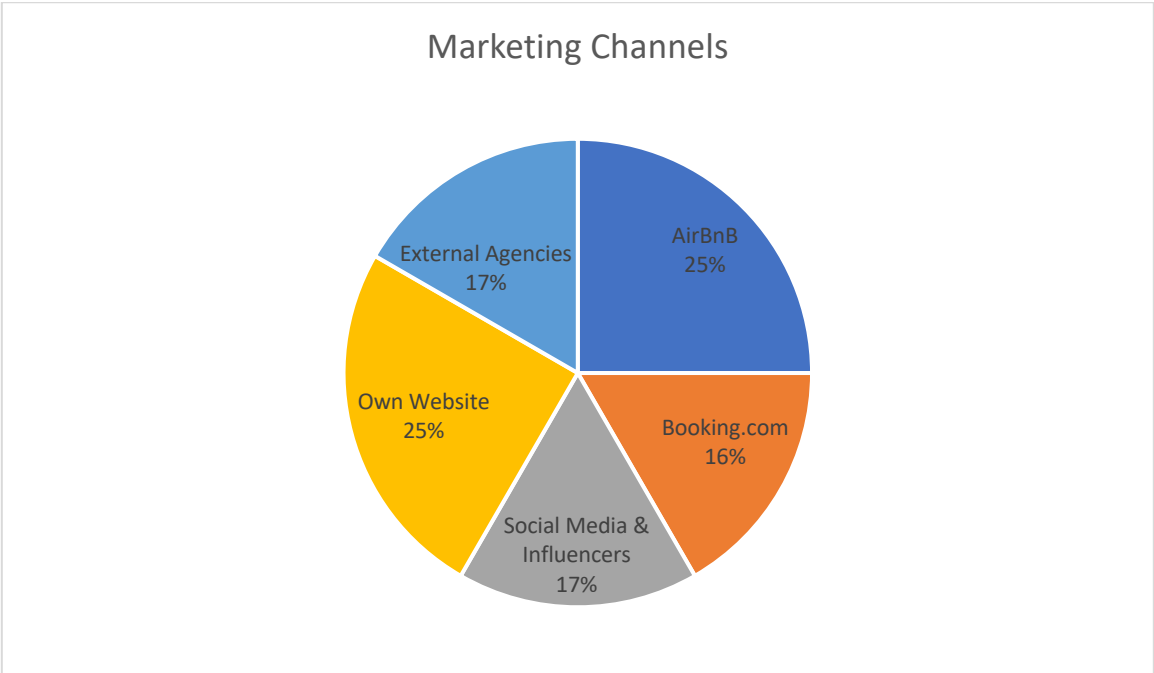


Table 11: Marketing Channels (own illustration)

According to the survey findings, the platform AirBnB is not always considered the sole or most beneficial option for advertising the accommodations. The importance of advertising on one’s own websites is rated equally as significant as advertising on AirBnB. Furthermore, Booking.com plays a less important role with only a 16% rating but is still utilized for promoting serviced apartments. The prevalence of AirBnB usage may be probably attributed to its large market share compared to other platforms. One participant highlights the increasing significance of social media presence, particularly among younger audiences and digital nomads. Moreover, specialized companies focusing on relocating people are mentioned as crucial for attracting this target audience, with a rating of 17%. External agencies, including brokers, were also occasionally employed to support the rental process, belonging to the same group as relocating agencies. It is worth noting that the survey is not exploring the reasons behind these choices nor delves into the preferred

distribution strategies.

## **Matter of Discussion**

This research paper aims to address the European market, which is facing several economic and legal challenges, especially in recent years. These are impacting both, property owners and guests. The following section will highlight the major challenges, based on the survey and additional research conducted on this topic. The researcher asks a total of five questions regarding to economic and legislative aspects, the current state of the market, related challenges and possible solutions. Plus, the survey questions how the market might evolve in the next 5-10 years. The outcomes of the survey will be described in the subsequent sections.

### **Economic aspects**

The survey conducted identified current challenges related to energy and gas prices as well as uncertainty in these fields, which have led to several measures in the field of Short-term Rentals. In order to address these challenges, providers have implemented limitations on monthly energy consumption per contract. Plus, lawyers are regularly reviewing and adapting the contracts to ensure a flexible approach. Furthermore, the research highlights the divergence between professional and private short-term rentals and the importance of clear delineation.

The evolution of the Serviced Apartment and Short-Term Rental Market appears promising, with 4 out of 5 participants predicting growth in this sector. One participant does not provide clear presumptions but mentions that the performance of the asset class will depend on further legislative regulation. Regarding the current performance, two participants argue that the increasing demand is due to the beneficial aspects of this asset class. Renting out properties in the short term is easier because there are fewer housing regulations. Additionally, higher revenue can be achieved compared to permanent rentals. All in all, the just said generally forecasts a positive future. Additionally, the participants say that the hospitality market, generally, is growing, with numerous new projects being developed. As

this market is competing with short-term rentals, the performance of hotels etc. might influence the market share of short-term rentals. The outcome will depend on how well the competition is managed.

### Legislative Aspects

Many cities in Europe are increasingly implementing stricter regulations on short-term rentals, to combat issues such as over-tourism and housing shortages. The major issue is that privates are offering hospitality services, without regulative forces. Often taxes are not paid properly, the damage is caused to housing and the government has no numbers on how many housing accommodations are on the market and how many are used to provide Serviced Apartments. Especially the metropolitan markets and communities are facing pressure on the housing market, as the offer of Serviced Apartments is driving the prices in the housing market. The Association of Serviced Apartment Providers (ASAP) also shared the potential unknowns and risks of the unregulated serviced accommodation industry. (ASAP, 2021)

The questionnaire inquires current legislative issues in various countries. Plus, it asks which measures property owners have implementing to address these challenges. It also aims to explore whether regulations differ between urban and rural areas and the discrepancies that occur. Three out of five participants respond that there are differences between rural and urban areas indeed. Two mention variations across regions, provinces, and councils. Some participants indicated that urban areas tend to have more strict regulations than rural areas due to the challenging housing situation in cities. Therefore, tense and comprehensive instructions and regulations are provided on the apartment market. However, not all countries' regulations are based solely on urban or rural classification. Rather, some countries establish regulation for the entire region/municipality, or such regulation is lacking at all. Consequently, there is no clear nationwide guidance, and regulations often differ. Plus, one participant highlights legislative conflicts between hotels and serviced apartments, as they are not treated equally in terms of obligations and taxes. This has become a topic of discussion among policymakers.

Another viewpoint suggests in the survey that regulations on residential apartments should be relaxed, encouraging more landlords to rent out their properties permanently instead of focusing on serviced apartments. Additionally, there is a notable increase in property sales to Serviced Apartment providers, further reducing the number of housing apartments on the market. The housing situation is generally put in question with the shortage of permanent rentals being the main concern related to the prevalence of short-term renting options. However, regulations vary significantly across regions, provinces and councils making it challenging to determine the exact impact of short-term rentals on the housing market according to the distributed answers to the questionnaire. The potential for change depends not solely on the regulatory forces but also on public opinion as one participant described. The survey highlights the lack of consensus on the functioning and legal treatment of short-term rentals, particularly in relation to professional accommodation providers. There is a lack of clear criteria for distinguishing between professional and non-professional suppliers. National regulations in some countries seem to protect affordable housing and ensure an adequate supply of dwellings in the residential real estate market. Consequently, there has been an increase in regulations aimed to prevent short-term rentals and the growth of serviced apartments from negatively impacting the housing market. Regulations for residential real estate become stricter. This evolvement leads to rising investments in short-term rentals. This is primarily due to the less stringent contractual obligations and the potential for higher profitability through increased rental performance and more profitable property sales.

A potential change that could improve the current situation is to limit permanent rentals. The declining number of apartments available for renting is attributed to fewer benefits for owners. As a result, many are turning to alternative rental options such as short-term rentals or investing in serviced apartments. However, one country expresses concerns that public opinion would prevent any changes from being implemented into the regulatory framework.

### European Commission's response

The European Commission published a corresponding press release in March 2023 in which it demands clear regulation as well as data sharing of hospitality apartments to ensure the quality of the offered services as well as a stable housing market. (Council of the EU, 2023)



The European Commission has proposed a new legislation to improve the regulation of Short-Term Rentals (STR) in Europe. (COM (2022) 571 final, 7.11.2022) Currently, each member state has its own regulations which vary from region to region, resulting in a lack of harmonization. The proposed legislation aims to collect relevant data and create a legal framework to increase safety for travelers and ensure fair competition amongst hosts. The proposal would require hosts to register and obtain a unique registration number, which would make it easier for public authorities to track economic activities in the STR market. The proposal respects the principle of subsidiarity and the competencies of public authorities, allowing each member state to adapt their own registration systems in line with the proposed requirements.

By harmonizing the data collection process, policymakers will have better insights into the local situation and will be able to make informed decisions regarding the STR market. The required information would include data on the number of stays and guests, registration number, and the web address of the STR listings. Especially different requirements throughout regions and EU countries make the competition on the market non-transparent. Also, for the quality of customer experience, it is necessary to provide regulations. The access to data is relevant to tailor tourism, transport and secure the housing market. It is evident to distinguish between professional and occasional housing. (European Commission, 2022)

## Sustainability

There is a growing awareness of the impact of tourism on the environment and local communities, and some guests are looking now for more sustainable and responsible travel options. This has led to increased demand for eco-friendly and socially responsible accommodations, which can be a challenge for hosts who may not have the resources or knowledge to meet these expectations. (Tomlinson, 2022)

In 2007 the Commission published an Agenda for a sustainable and competitive European tourism sector with the focus on slowly incorporating sustainability standards into the tourism sector. (Commission, 2007) The demand for sustainable tourism is increasing,

reflecting the trend to be more environmentally conscious. The Simon-Kutcher-Partners study from 2021 found that 85% altered their purchase behavior to be more sustainable over the past 5 years. (Simon-Kutcher & Partners, 2021) Especially the corporate sector has to take sustainability standards into account when deciding upon business travel. The GSAIR Report of 2022 conducts that sustainability, ESG and safety standards have been of utmost important topics in businesses and its employees. 15% of Businesses increased the use of serviced apartments in 2021. (Habicus Group and Travel Intelligence Network, 2022) Business trips will continue, but on different grounds of understanding. Expectedly there are going to be fewer business trips but of longer duration. It should not be neglected that virtual video conferencing has become more popular and has cutted down the need for travel. By the report of GSAIR almost 40% of all business trips in 2021 were of 8 or more nights, which almost doubled from 2019. (Habicus Group and Travel Intelligence Network, 2022)

Although sustainability issues and concerns are not a major part of the questionnaire, it is essential to include this point for completeness. There is a growing trend towards domestic travel, as well as a preference for train or bus travel over flights. Off-road and nature destinations are becoming increasingly popular, and there is a desire for more flexible travel options and longer stays that combine business with leisure. Domestic tourists who prioritize relaxation in natural surroundings and sustainability are on the rise. ESG (Environmental, Social, and Governance) standards as well as will innovatively thinking play a significant role. In 2019, only 18% of guests in the German hospitality industry were international visitors. (CBRE Research, 2021; Room Space, 2023)

## **Conclusion**

Summing up, this research paper focuses on the following points, bringing together the thoughts of five member states on this topic. First of all, Serviced Apartments and Short Term Rentals seem to play a role in the real estate and hospitality market throughout the member states. The market share however seems to be relatively small, compared to other asset classes. In my opinion, the STR market in Europe still has untapped potential. However, it is important to consider how other forms of hospitality may evolve and adapt to changing demands and expectations. As the research paper mentions there is a challenge to properly differentiate between certain accommodation types, especially within the short-term rentals. I believe the question of whether the market is exhausted is irrelevant because the market is constantly evolving and adapting to changing demand and market situations. Certain hybrid models are in the market, meeting the needs of different target segments, as shown at the beginning of the research paper in the example of Austria and Germany. The flexible and adaptable approach of serviced apartments is for sure an advantage. The research paper illustrates the relevance of investors to flexibly adapt the circumstances, such as Covid-19 and other economic challenges. Additionally, a flexible approach is more profitable as the survey conducted.

Thus, as long as the investment in Serviced Apartments and Short-Term Accommodation is profitable and in some regulatory environments more investor-friendly, offering flexible market conduct and well-performance, the sector will increase its development. Plus, a big advantage is that the sector proved itself to be quite resilient regarding pandemics (and potentially similar disasters) and outperformed other asset classes, also raising the interest of investors. Transferred to current challenges such as inflation and a shortage in human resources, short-term accommodation models might be better prepared to cope with such challenges. As the research shows, price efficiency is a key factor in this field. Low operating costs can result in a lower price range and engage customers to choose Serviced Apartments. The price-sensitive environment reflects not only the tourist segment but also business expats. The cost-saving measures of companies and a well-functioning cost-value

ratio in serviced apartments is beneficial. As business expats and tourists are mentioned as the target market, the price range should be adjusted accordingly. In this regard, the research paper cannot provide exact numbers but furthermore highlights the importance of affordable pricing strategies. Appropriate measures for price reduction can be very helpful during the crisis and increase occupancy rates. Another factor driving the demand is, as demonstrated, the location. The importance is depending on the fundamental orientation of the accommodation project. It is going to be interesting how facilities such as parking slots are going to develop alongside modern approaches such as digitalized amenities. The research paper detects a modest change of approach. A particularly interesting view is provided regarding the marketing channels. The fact, that inside marketing (own website and distribution) plays an equally strong role than renting out per online platforms holding a relatively high market share, is significant. However, the survey indicates that a well-adjusted marketing distribution is of utmost importance when increasing the scope.

With regard to the last chapter concerning legislative and economic challenges, it is crucial to establish a well-functioning legislative framework as the short-term rental market is facing challenges and needs comprehensive and consistent regulations across countries. However, it is important to consider the impact on the housing market, as serviced apartments are a hybrid model of living and hospitality and therefore can impact the housing market. The market seems to expand as it is more lucrative than permanent residential models and competition intensifies. Therefore, monitoring the professional market and establishing clear guidelines are important. This would help to bring the whole market to a professional level, make hosts aware of legal obligations and strengthen the protection of consumers. Overall, the participants mentioned similar challenges in the market. This highlights the rapid growth of the market, influencing housing aspects and common regulations lagging behind.

## **Untapped fields of research**

As the paper referenced, there are certain legislative and conceptual issues that might be addressed in further research. For instance, it would be interesting to focus on one of the

presented aspects and address the topic in a detailed examination. Bringing together more countries might be also comprehensive. However, it is important to consider that the comparability is challenging. Nevertheless, it would be interesting to gather European-related data, as American and Asian research studies abound. As the shortage of residential buildings and the profitability in offering serviced apartments in a short-term renting model, an in-depth assessment of these issues would highlight the correlation of the markets and could potentially provide solutions to enable better regulation despite the Commission's approach. Future research should focus on the outcome and effects of implemented and harmonized regulations on the European Market. Regulation aspects can also be categorized into commercial law, construction law, tax law, consumer protection and tenancy law and finally further researched. Last but not least, this research paper does not focus on the impact of sustainability. This aspect should not be neglected in future research, especially because of potential changing of demands' expectations.

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## Appendix

### Questionnaire [A]

Are Short-Term Rentals a property type that Real Estate Professionals in your country are currently dealing with?

- YES
- NO

Based on your own national available data, what % of the overall demand for hospitality would you classify as being specifically for Short-Term Rentals?

-

Please quote the source of the answer.

-

According to your professional experience, what do you consider as key factors driving the demand for Short-Term Rentals?

- Increased proficiency
- Quality-price ratio
- General Growth in Travel
- Demand for higher flexibility
- Improved Customer Relationship Management
- Other

If "Other" please specify

Increased profit

Based on your national available data, how high was the occupancy rate in %

1) Before COVID-19

\_\_\_\_\_

2) During COVID-19

\_\_\_\_\_

3) After COVID-19

\_\_\_\_\_

Please quote the source of the answer or indicate if your answer reflects your professional experience.

\_\_\_\_\_

Who is, according to your national available data, the target audience of providers of Short-Term Rentals?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 5 Students
- 2 Business Expats / Corporate Employees
- 1 Tourists
- 4 Relocating People
- 3 Digital Nomades

Please quote the source of the answer or indicate if your answer reflects your professional experience.

experience \_\_\_\_\_

What is the average duration of stay for guests of Short-Term Rentals?

Please click on the most accurate response according to your national available data, or your professional experience.

- 1-3 weeks
- 1 – 3 months
- 4 – 6 months

What % of customers would book the following price ranges based on your national available data, or your professional experience?

Please fill in the boxes. The % should equal 100% in total.

- \_\_\_ 50 – 100 EUR (cheap)
- \_\_\_ 100 – 150 EUR (moderate)
- \_\_\_ 150 – 200 EUR (expensive)
- \_\_\_ > 200 EUR (luxury)

Please quote the source of the answer or indicate if your answer reflects your professional experience.

\_\_\_\_\_

In your professional view, does the demand prefer transparency regarding the pricing structure on their invoices, separately listing taxes, registration fees, electricity, internet, TV,...?

YES = Transparency

NO = ALL-IN Fee (covering all costs in total, without indication on splitting)

YES

NO

Based on your national available data, which factors influence the decision when choosing a particular Short-Term Rental Apartment?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 3 High-Quality Equipment
- 1 Location
- 4 Parking Lots / Car Sharing
- 2 Digitalization
- 5 Gym / Wellness Facilities
- Others (Please specify in the box below)

If “Other” please specify

Feel at Home Factor \_\_\_\_\_

Which marketing channels are commonly used by the providers according to your perception or direct experience?

- Social Media
- Booking.com
- Airbnb
- Own Website/Channels of Providers
- External Agencies/Professionals
- Others (Please specify in the box below)

If “Other” please specify

\_\_\_\_\_

In your professional opinion, what are the current challenges facing the Short-Term Rental Market in your country? (Economically and Legally)

national legislation intends to save dwellings for inhabitants, affordable housing. therefore more and more legal restrictions will be introduced.

What measures have providers taken to adapt to changing market conditions?

-

Are there any regulatory differences between urban/metropolitan areas and rural areas in your country?

-

What regulatory changes would be necessary to support an increase in the market share of short-term rentals in your country?

the public opinion would prevent such initiatives

Do you think the demand for short term rentals will increase in the next 5 to 10 years?

yes

## Questionnaire [B]

Are Short-Term Rentals a property type that Real Estate Professionals in your country are currently dealing with?

YES

NO

Based on your own national available data, what % of the overall demand for hospitality would you classify as being specifically for Short-Term Rentals?

\_\_\_\_\_

Please quote the source of the answer.

I don't have this data

According to your professional experience, what do you consider as key factors driving the demand for Short-Term Rentals?

- Increased proficiency
- Quality-price ratio
- General Growth in Travel
- Demand for higher flexibility
- Improved Customer Relationship
- Other

If “Other” please specify

Feel at Home Factor

Based on your national available data, how high was the occupancy rate in %

1) Before COVID-19

\_\_\_\_-\_\_\_\_

2) During COVID-19

\_\_\_\_-\_\_\_\_

3) After COVID-19

\_\_\_\_-\_\_\_\_

Please quote the source of the answer or indicate if your answer reflects your professional experience.

I don't have this data

Who is, according to your national available data, the target audience of providers of Short-TermRentals?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 5 Students
- 3 Business Expats / Corporate Employees
- 1 Tourist
- 2 Relocating People
- 4 Digital Nomades

Please quote the source of the answer or indicate if your answer reflects your professional experience.

\_\_\_\_-

What is the average duration of stay for guests of Short-Term Rentals?

Please click on the most accurate response according to your national available data, or your professional experience.

- 1 – 3 weeks
- 1 – 3 months
- 4 – 6 months

What % of customers would book the following price ranges based on your national available data, or your professional experience?

Please fill in the boxes. The % should equal 100% in total.

- \_\_\_ 50 – 100 EUR (cheap)
- \_\_\_ 100 – 150 EUR (moderate)
- \_\_\_ 150 – 200 EUR (expensive)
- \_\_\_ > 200 EUR (luxury)

Please quote the source of the answer or indicate if your answer reflects your professional experience.

    Dont have this data    

In your professional view, does the demand prefer transparency regarding the pricing structure on their invoices, separately listing taxes, registration fees, electricity, internet, TV,...?

YES = Transparency

NO = ALL-IN Fee (covering all costs in total, without indication on splitting)

- YES
- NO

Based on your national available data, which factors influence the decision when choosing a particular Short-Term Rental Apartment?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 1 High-Quality Equipment
- 3 Location
- 2 Parking Lots / Car Sharing
- 4 Digitalization
- 5 Gym / Wellness Facilities
- 6 Others (Please specify in the

box below)

If “Other” please specify

Feel at Home Factor

Which marketing channels are commonly used by the providers according to your perception or direct experience?

- Social Media & Influencers
- Booking.com
- Airbnb
- Own Website/ Channel of Providers
- External Agencies / Professionals
- Others (please specify in the box below)

If “Other” please specify

- \_\_\_\_\_

In your professional opinion, what are the current challenges facing the Short-Term Rental Market in your country? (Economically and Legally)

They are creating a massive shortage for long term accommodation

What measures have providers taken to adapt to changing market conditions?

Depend on council decision

Are there any regulatory differences between urban/metropolitan areas and rural areas in your country?

It vary by region / province / council

What regulatory changes would be necessary to support an increase in the market share of short-term rentals in your country?

-

Do you think the demand for short-term rentals will increase in the next 5-10 years?

This will greatly depend on government decision



Questionnaire [C]

Are Short-Term Rentals a property type that Real Estate Professionals in your country are currently dealing with?

- YES  
 NO

Based on your own national available data, what % of the overall demand for hospitality would you classify as being specifically for Short-Term Rentals?

12%

Please quote the source of your answer

Eurostat

According to your professional experience, what do you consider as key factors driving the demand for Short-Term Rentals?

- Increased proficiency  
 Quality-price ratio  
 General Growth in Travel  
 Demand for higher flexibility  
 Improved Customer Relationship  
 Other

If "Other" please specify

-

Based on your national available data, how high was the occupancy rate in %

1) Before COVID-19

-

2) During

COVID-19

55%

3) After

COVID-19

50%

Who is, according to your national available data, the target audience of providers of Short-TermRentals?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 5 Students
- 2 Business Expats / Corporate Employees
- 1 Tourists
- 4 Relocating People
- 3 Digital Nomades

Please quote the source of the answer or indicate if your answer reflects your professional experience.

Professional experience

What is the average duration of stay for guests of Short-Term Rentals?

Please click on the most accurate response according to your national available data, or your professional experience.

- 1-3 weeks
- 1 – 3 months
- 4 – 6 months

What % of customers would book the following price ranges based on your national available data, or your professional experience?

Please fill in the boxes. The % should equal 100% in total.

- \_\_\_ 50 – 100 EUR (cheap)
- \_\_\_ 100 – 150 EUR (moderate)
- \_\_\_ 150 – 200 EUR (expensive)
- \_\_\_ > 200 EUR (luxury)

Please quote the source of the answer or indicate if your answer reflects your professional experience.

The average price per night is 110 EUR. We don't have access to more exact data.

In your professional view, does the demand prefer transparency regarding the pricing structure on their invoices, separately listing taxes, registration fees, electricity, internet, TV,...?

YES = Transparency

NO = ALL-IN Fee (covering all costs in total, without indication on splitting)

YES

NO

Based on your national available data, which factors influence the decision when choosing a particular Short-Term Rental Apartment?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 1 Location
- 2 Digitalization
- 3 High-Quality Equipment
- 4 Parking Lots/ Car Sharing
- 5 Gym/ Wellness Facilities
- 6 Other

If “Other” please specify

Price

Which marketing channels are commonly used by the providers according to your perception or direct experience?

- Social Media & Influencers
- Booking.com
- Airbnb
- Own Website/ Channel of Providers
- External Agencies / Professionals
- Others (please specify in the box below)

If “Other” please specify

\_\_\_\_\_

In your professional opinion, what are the current challenges facing the Short-Term Rental Market in your country? (Economically and Legally)

There is no common conception on how the Short-Term Rental Market should be treated in relation to the professional accommodation providers. There are differences between cities and municipalities regarding the instructions they provide to those involved in the Short-

## Term Rental Market.

What measures have providers taken to adapt to changing market conditions?

-

Are there any regulatory differences between urban/metropolitan areas and rural areas in your country?

There are differences but they have more to do with instructions given by municipalities and cities rather than regulation as such. There really isn't comprehensive regulation of the Short-Term Rental Market. Also, the differences aren't really related to whether an area is urban/metropolitan or rural. For example, in some cities one has to inform building control services of participation in the Short-Term Rental Market and in others this isn't needed.

What regulatory changes would be necessary to support an increase in the market share of short-term rentals in your country?

There is regulation regarding professional accommodation providers. Therefore, there should be a clear delineation between what is determined as professionally provided accommodation and what is not.

Do you think the demand for short-term rentals will increase in the next 5-10 years?

A lot of new hotels are being built. They are, of course, competing with the Short-Term Rental Market for customers, but all in all it is difficult to give an estimate on future demand for short-term rentals.

Questionnaire [D]

Are Short-Term Rentals a property type that Real Estate Professionals in your country are currently dealing with?

- YES
- NO

Based on your own national available data, what % of the overall demand for hospitality would you classify as being specifically for Short-Term Rentals?

35%

Please quote the source of the answer.

the number is increasing due to legal restrictions every year

According to your professional experience, what do you consider as key factors driving the demand for Short-Term Rentals?

- Increased proficiency
- Quality-price ratio
- General Growth in Travel
- Demand for higher flexibility
- Improved Customer Relationship
- Other

If "Other" please specify

renting out unfurnished means for landlords very tight regulation, lower rental income and no realoptions to change the tenant or sell the apartment for market value

Based on your national available data, how high was the occupancy rate in %

1) Before Covid-19

99%

2) During

99%

3) After

99%

Please quote the source of the answer or indicate if your answer reflects your

professional experience.

we have less than 1% vacancy rates, during covid we lowered price a bit

Who is, according to your national available data, the target audience of providers of Short-Term Rentals?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 1 Business Expats/ Corporate Employees
- 2 Students
- 3 Relocating People
- 4 Digital Nomades
- 5 Tourists

Please quote the source of the answer or indicate if your answer reflects your professional experience.

-

What is the average duration of stay for guests of Short-Term Rentals?

Please click on the most accurate response according to your national available data, or your professional experience.

- 1-3 weeks
- 1-3 months
- 3-6 months

What % of customers would book the following price ranges based on your national available data, or your professional experience?

Please fill in the boxes. The % should equal 100% in total.

- 80% 50 – 100 EUR (cheap)
- 10% 100 – 150 EUR (moderate)
- 10% 150 – 200 EUR (expensive)
- 0% > 200 EUR (luxury)

Please quote the source of the answer or indicate if your answer reflects your professional experience.

we rent per 3-12 month contracts

In your professional view, does the demand prefer transparency regarding the pricing structure on their invoices, separately listing taxes, registration fees, electricity, internet, TV,...?

YES = Transparency

NO = ALL-IN Fee (covering all costs in total, without indication on splitting)

- NO
- YES

Based on your national available data, which factors influence the decision when choosing a particular Short-Term Rental Apartment?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 1 Location
- 2 High-Quality Equipment
- 3 Digitalization
- 4 Gym/Wellness Facilities
- 5 Parking Lots/ Car Sharing
- 6 Other

If "Other" please specify

Where their job is located

Which marketing channels are commonly used by the providers according to your perception or direct experience?

- Social Media & Influencers
- Booking.com
- Airbnb
- Own Website/ Channel of Providers
- External Agencies / Professionals
- Others (please specify in the box below)

If "Other" please specify

Relocation companies

In your professional opinion, what are the current challenges facing the Short-Term Rental Market in your country? (Economically and Legally)

high cost of energy, regulation risks,

What measures have providers taken to adapt to changing market conditions?

limited the amount of energy consumption per month and contract. using lawyers to adapt letting contracts. focus on new builds

Are there any regulatory differences between urban/metropolitan areas and rural areas in your country?

yes, urban regulation high. rural no regulation.

What regulatory changes would be necessary to support an increase in the market share of short-term rentals in your country?

actually we should limit the regulations so that more landlords will rent out their apartments rather than sell them to owner occupiers. the amount of apartments to rent is shrinking every day.

Do you think the demand for short-term rentals will increase in the next 5-10 years?

yes

#### Questionnaire [E]

Are Short-Term Rentals a property type that Real Estate Professionals in your country are currently dealing with?

- YES
- NO

Based on your own national available data, what % of the overall demand for hospitality would you classify as being specifically for Short-Term Rentals?

Less than 20%

Please quote the source of the answer.

More in cities, less rural

According to your professional experience, what do you consider as key factors driving the demand for Short-Term Rentals?

- Increased proficiency
- Quality-price ratio
- General Growth in Travel
- Demand for higher flexibility
- Improved Customer Relationship
- Other



If “Other” please specify

Increased profit than renting out permanently

Based on your national available data, how high was the occupancy rate in %

1) Before COVID-19

-

2) During COVID-19

-

3) After COVID-19

-

Please quote the source of the answer or indicate if your answer reflects your professional experience.

During Covid a lot of them were rented out permanently, now coming back on the market

Who is, according to your national available data, the target audience of providers of Short-Term Rentals?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 1 Relocating People
- 2 Business Expats / Corporate Employees
- 3 Digital Nomades
- 4 Tourists
- 5 Students

Please quote the source of the answer or indicate if your answer reflects your professional experience.

Students at least one year, there are definitely exceptions but generally students prefer shared apartments

What is the average duration of stay for guests of Short-Term Rentals?

Please click on the most accurate response according to your national available data, or your professional experience.

- 1-3 weeks
- 1 – 3 months

X 4 – 6 months

What % of customers would book the following price ranges based on your national available data, or your professional experience?

Please fill in the boxes. The % should equal 100% in total.

- 50 – 100 EUR (cheap)
- 100 – 150 EUR (moderate)
- 150 – 200 EUR (expensive)
- > 200 EUR (luxury)

Please quote the source of the answer or indicate if your answer reflects your professional experience.

price must be comparable / cheaper than hotels

In your professional view, does the demand prefer transparency regarding the pricing structure on their invoices, separately listing taxes, registration fees, electricity, internet, TV, ...?

YES = Transparency

NO = ALL-IN Fee (covering all costs in total, without indication on splitting)

- X NO
- YES

Based on your national available data, which factors influence the decision when choosing a particular Short-Term Rental Apartment?

Please rank the following in order of importance from 1 to 5, where 1 is most important and 5 is least important.

- 1 High-Quality Equipment
- 2 Location
- 3 Parking Lots/ Car Sharing
- 4 Digitalization
- 5 Gym/Wellness Facilities

Which marketing channels are commonly used by the providers according to your perception or direct experience?

- X Social Media & Influencers
- Booking.com
- Airbnb
- X Own Website/ Channel of Providers
- X External Agencies / Professionals
- Others

If “Other” please specify

Brokers, contracts with owners

In your professional opinion, what are the current challenges facing the Short-Term Rental Market in your country? (Economically and Legally)

conflict between hotel and short term living types because of the different obligations, taxes,...

What measures have providers taken to adapt to changing market conditions?

-

Are there any regulatory differences between urban/metropolitan areas and rural areas in your country?

either metropolitan regulation, but no exact data on this

What regulatory changes would be necessary to support an increase in the market share of short-term rentals in your country?

-

Do you think the demand for short-term rentals will increase in the next 5-10 years?

yes, demand is there and renting out short term is more beneficial and more revenue than renting out permanently