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SCHOOL OF ECONOMICS AND BUSINESS

MASTER THESIS

**THE EFFECT OF COVID-19 ON THE AIRBNB AND HOUSING
MARKET IN SLOVENIA**

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LIST OF ABBREVIATIONS

VAT - Value Added Tax

IPO – Initial Public Offering

CEO – Chief Executive Officer

P2P - Peer-to-peer

GURS - Slovenia’s Surveying and Mapping Authority

TGZS – Tourism and Hospitality Chamber

INTRODUCTION

According to Lock (2021), Airbnb can be defined as a home-sharing economy platform that offers alternatives to hotel accommodation, by enabling travelers to book accommodation from people who are willing to rent their homes. It has been a disruptor of the hotel industry since its conception, mainly due to almost zero marginal costs compared to the hotel industry (Widener, 2015). Moreover, Airbnb is not subject to VAT, unlike hotels that must add it to their guest's bills (Lemon, 2019). The company is worth over \$100 billion after the IPO in 2020, making it the U.S.'s biggest IPO so far (Hussain & Franklin, 2020). The market share of Airbnb in the U.S. and Europe in the period of 2015-2020 was 6%, and the number of users in the same regions was 40 million (Lock, 2021). According to Lock (2021), from 2017 to 2020, the company was increasing the growth of total assets worldwide yearly. In 2020 they reached \$8.73 billion, which was an increase of \$0.42 billion from the previous year (Lock, 2021). As of September 30, 2020, the company had 5.6 million active listings worldwide with 100.000 cities with active listings in more than 220 countries and regions (Airbnb, 2021).

One of the more important issues Airbnb has affected in host communities is gentrification: creating benefits to the owners and consumers at the cost of the residents of local communities. This issue arises as landlords rent their properties to tourists at a higher cost, pushing out residents as rental costs become unaffordable (Wachsmuth & Weisler, 2018; Cocola Gant, 2016). Other Airbnb legal problems include increased traffic, noise and lack of responsibility for the common good (Widener, 2015), racial discrimination (Gold, 2019.), waste management and safety concerns (Nieuwland & Van Melik, 2020), and frequently illegal rental activities which led to the expansion of the informal tourism sector (Guttentag, 2013).

Similar trends can be noticed in Slovenia too. According to the real estate expert Zarja Mavec, prices for two-to-three-bedroom apartments have gone to EUR1100 or more, compared to previous years of EUR600 for the same size of the apartment (Novinarke.si/Novinarji.si, n.d.). Prices of new flats in 2018 have gone up by 48.9% compared to 2015's average (Kriznik, 2018). This can be explained by the surplus in demand compared to the lack of supply in the housing. From 2013 to 2017, only 210 apartments were built, which has not contributed to the equilibration of demand and supply sides (Novinarke.si/Novinarji.si, n.d.).

Recent studies have attempted to understand how COVID-19 has affected Airbnb. A study by Farronato and Fradkin (2018) shows that before COVID-19, there was a 1.3% decline in hotel bookings in the 10 US cities with the largest Airbnb share, which resulted in a 1.5% revenue loss for the hotels in the affected areas. During the pandemic, there was a two-thirds reduction of gross bookings to \$3.2 billion. In 2019 nights booked were

84 million compared to 2020s 28 million in the second quarter. However, due to “travel redistribution” where foreign travel was replaced by domestic one, stays with less than 800km from home rose more than 50% in the summer of 2020, which led to 62 million nights booked and \$8 billion in gross bookings (The Economist, 2020). According to Curry (2021), in 2020 Airbnb earned \$3.4 billion, which is a 30% loss year-on-year due to the pandemic. There were 193 million bookings made or 41% less than in the previous year. It is believed that Airbnb has been one of the hardest-hit platforms due to the pandemic.

Regarding the Slovenian housing market, before COVID-19 there was a general increase in the number of active rental offerings, but as the pandemic started, there was a sharp decrease. In 2020, there were 42% fewer tourist overnight stays than in 2019, due to the restrictions placed by the Government Ordinance on the Provisional Prohibition on the Offering and Sale of Goods and Services to Consumers in the Republic of Slovenia. There were over 3 million arrivals or 51% less than in 2019 and 9.2 million overnight stays or 42% less than in 2019 (Zupančič, 2021). If we look at the number of bookings in the third quarter of 2019, we can see that the capital of Slovenia had 2,481 active rentals, compared to 2020's same period of 1,996 and decline in the last quarter of 465 rentals, amounting to 1,531 active rentals by the end of 2020. The same trend can be seen in Maribor. The third quarter and the highest active rental bookings in 2019 were 178, compared to the same period in 2020 of 161 active rentals. The last quarter had 151 active rentals (Airdna, 2021).

According to The Slovenia Times (2020), during the first lockdown and after it, owners of the short-term rentals have opted out for medium- and long-term rentals to students and other individuals. Some of these owners sold their flats, but not many. Most of these rentals were advertised on Airbnb and Booking.com. During the first lockdown, most of the real-estate agencies were physically closed but offered services online, such as virtually showing apartments to their clients. The market is now dominated by strong, motivated buyers, who know what they want and how to finance it. Research by Slovenia's Surveying and Mapping Authority (GURS) found that there were 35% fewer deals made in the first six months of 2020 for flats and houses. But this amounted to EUR532 million, which is 70% of all transactions and an absolute record for six months. Most of the demand is turned to one, two, and three-bedroom apartments for second-hand properties that do not require too much investment. Moreover, due to the first lockdown, the demand has shifted to houses, holiday homes, and land due to the difficulties that many have found while being locked in their apartments. It is interesting to notice that even though the demand for houses has increased, the prices have decreased between 15-20% compared to before the pandemic, but the apartment prices have gone up by 7% (The Slovenian Times, 2020).

However, more research is needed to cover the Slovenian housing market during the pandemic: how did owners of short-term rentals, who previously rented their properties

on Airbnb, deal with the novel situation, and whether these shifts in landlord behavior also affected the price and sale of rental properties in the housing market in general.

The **purpose** of this master thesis is thus to examine the relationship between Airbnb and the Slovenian housing market, pre and after the COVID-19 crisis. It will try to understand the business practices of individuals in Slovenia who offered their accommodation on the Airbnb website before the pandemic and will try to provide a forecast of what will happen after the pandemic.

The **goals** of the thesis therefore are:

- To overview the effects of Airbnb on local housing markets globally.
- To analyze the Airbnb market in Slovenia before COVID-19.
- To understand the effect of COVID-19 on the Airbnb market in Slovenia.
- To determine the dominant strategies undertaken by Airbnb hosts during the crisis and their intentions for hosting post-crisis.
- To analyze the changes in Airbnb patterns in the housing market in Slovenia.
- To predict the effects on the housing market concerning Airbnb business in Slovenia, and to offer recommendations.

The methodology in this thesis is based on two types of sources, primary and secondary data. Firstly, secondary sources are used to obtain a literature review on this topic in scientific articles and papers. This helped to obtain the theoretical framework and main concept definitions. The concept of the sharing economy is explained, after which the case of Airbnb Company in Slovenia is presented.

The second part of the thesis, and the main part of my work, focus on primary data collection of qualitative research and analysis of secondary quantitative data taken from the Statistical Office. The **primary data** was obtained with **in-depth structured interviews** with representatives of the real estate agencies and Airbnb hosts in Slovenia. There are 3 expert interviews with real-estate representatives and 5 interviews with hosts. Interviews include open questions and were taken by e-mail, and through the Zoom platform. The interviews with experts were done through the Zoom platform to understand the trends of Covid-19 on the housing and Airbnb industry in Slovenia. All three experts come from different fields. The first expert is researching the housing market, the second tourism market, and the third is the owner of the real-estate agency that intermediates between hosts and their properties - they rent out hosts' properties on Airbnb and other platforms for a small fee. Based on their industry experience, the answers give a broader sense of the current trends in their respective industries and are explaining their industry expectations and predictions of what will happen in the future concerning the Covid-19 crisis. All 5 hosts are the owners of their properties which they rent out on the Airbnb platform. 3 hosts' interviews were conducted through the Zoom platform, while the other 2 were conducted by email, where the participants had to fill out the answers provided in the sent questionnaire. The findings from hosts explain how they

have dealt with the current crisis and what are their plans and expectations for the future. The findings of experts and hosts are studied and provided in full in Chapter 4. Based on the received responses, all the answers are studied in detail and analyzed in-depth using thematic analysis to understand the behaviors of homeowners (Braun, Clarke, Hayfield, and Terry, 2019).

The **secondary data** includes average rental prices, the average number of domestic and foreign tourists before and during COVID-19, etc. The intention is to observe the aspect of the housing market concerning Airbnb hosts or homeowners in the sharing economy in Slovenia during the pandemic.

Chapter 1 of this Thesis explains Airbnb and the housing market worldwide, what the sharing economy is, what the main issues of Airbnb are, and how Covid-19 impacted the Airbnb industry on a global level. While chapter 2 depicts the trends of Airbnb and the housing market in Slovenia before and during the crisis. Firstly, it presents pre Covid-19 trends of the Slovenian housing market, then the post-Covid-19 trends, and lastly what are the effects of Covid-19 on Airbnb and the housing market in Slovenia. Chapter 3 presents the research framework and methodology, where it is explained how the research was conducted, what were the main objectives and research questions, the design of the research. It describes in more detail the samples and analyzes methods used in this Thesis. In chapter 4 are presented complete findings of the research topic, where it is presented in categories the main findings of the research. It is divided into the expert and hosts sections with the main research topics as subcategories, such as opinions on gentrification, government regulations, industry expectations and recommendations, and most importantly, the effect of Covid-19 on the Airbnb and housing market in Slovenia & practices undertaken by hosts to survive the crisis. In the final chapter 5 discussion is presented, along with the summary of the main findings. Practical and theoretical implications are presented, as well, and the limitations of this Thesis are explained, along with some future research recommendations. The very final part of the Thesis concludes this Master's Thesis research and main findings, and in short, gives the summary in Slovenian.

1. AIRBNB AND THE HOUSING MARKET

This chapter explains what the sharing economy is and how Airbnb is affecting the housing market globally. As it will be later in the chapter explained, Airbnb and the housing market are interconnected, and they cannot go one without the other. Namely, Airbnb would not exist if there was no housing market. However, in most cities, concerning its operations, it created benefits to some while leaving huge societal costs to others in the society. This chapter tackles the issue Airbnb has caused, such as waste management, increased long-term rents, decreased supply for long-term rents, and increased demand and supply for short-term rentals, racial discrimination; as well as it

will explain the creation and business model of Airbnb to better understand the concept of the sharing economy, as well as the concept of Airbnb. The final part of this chapter researches and argues the effect of Covid-19 on the Airbnb industry and whether it had an impact on the housing market and the Airbnb Company and hospitality industry globally.

1.1. Presentation and definition of the sharing economy

From the dusk of dawn, people have shared their things, often in the exchange for some benefit (financial or non-financial). The rise of the Internet, technology, globalization, and urbanization has led to the rapid development of the sharing economy. Platforms or marketplaces are virtual apps that serve as intermediaries between peers – entrepreneurs and consumers. They connect peers who have services or goods to offer to those who are looking for renting, buying, or consuming them. Usually, platforms charge commissions to one or another party for using the platform, and the payments from consumers to entrepreneurs are processed by those platforms (Sundararajan, 2014).

The sharing economy influences marketing, consumer behavior, sociology, geography, anthropology, management, innovation, and law (Acquier, Daudigeos & Pinkse, 2017). Thus, there are considerable variations in defining the sharing economy. Hirsch & Levin (1999) portray it as “an umbrella construct” - “a broad concept or idea used loosely to encompass and account for a set of diverse phenomena”. According to English Oxford Living Dictionaries (n.d.), the sharing economy can be defined as: “an economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the internet”. According to Scott (2020), a peer-to-peer economy is a decentralized model where individuals sell or buy goods without the need for a third party. This means they transact directly for the payment, delivery, and other details, and usually, sellers are independent contractors who have tools for producing their finished products.

Apart from the peer-to-peer model, the sharing economy has evolved into a business-to-business model, too. Business-to-business interactions now offer various models, such as a) co-working platforms where the companies offer working space to other individuals, b) peer-to-peer lending platforms where individuals can lend money to other individuals with cheaper rates than those offered in traditional credit lending entities, c) fashion platforms where individuals can sell or rent their clothes, d) freelancing platforms where the freelancers can choose from traditional freelance work to a work reserved to a handyman (Scott, 2020).

Open-source software or peer-to-peer exists together with retail and commercial software. Uber, Lyft, and Airbnb are perfect examples of open-source software. They are hybrids between traditional firms (taxi and hotel companies) and true peer-to-peer activities by

enabling intermediary services, such as: providing networks to connect entrepreneurs and consumers to process payments, while, at the same time, using independent contractors to deliver those services to consumers. In peer-to-peer where there is no intermediary involved, there is a greater risk that the payments will not be fulfilled or that the products or services will not be delivered (Investopedia, 2020)

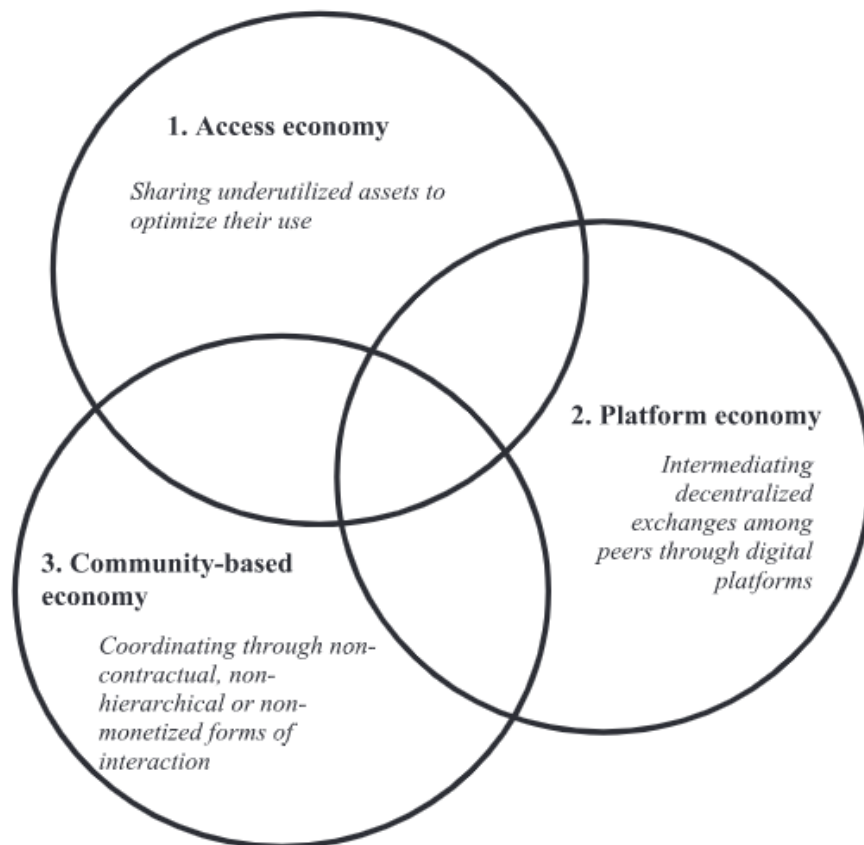
According to Richardson (2015), the sharing economy is a paradox. It has traits of a capitalist economy and an alternative. It is at the same time “neoliberalism on steroids” and medicine for hyper-consumerism. It aims to provide open access to under-utilized resources to the online community, which would reduce the need for ownership. The sharing economy offers a wide range of activities, thus the other names for it are gig, on-demand, crowdsourcing, collaborative economy. It is a place where people can share assets, resources, time, and skills. There is a big hype around the sharing economy concept which will only grow more. PricewaterhouseCooper has estimated that by 2025 the sharing economy will be valued at £230 billion, compared to only £9 billion in 2014 (Richardson, 2015). According to Crisostomi et al. (2020), the estimation of the sharing economy in Europe is even higher and should reach €570 billion by 2025, compared to €28 billion in 2016. He states that Airbnb and Uber, the two biggest P2P platforms, are major contributors to the growth of the sharing economy.

Benjaafar, Kong, Li, & Courcoubetis (2019) say that collaborative consumption can lead to increased access to goods and services while at the same time reducing investment in resources and infrastructure. This can have double benefits: 1) improved consumer welfare (individuals who could not afford a product now can) and 2) reduced societal costs or externalities such as pollution associated with the production, distribution, use, and disposal of the product. However, the latter can be a double edge sword. Increased number of cars and open access to them can lead to higher pollution rates and more traffic. Benjaafar, Kong, Li, & Courcoubetis (2019) also claim that increased collaborative consumption can lead to speculative investments in cars and price inflation but can also have an impact on the pricing of other modes of public transport (taxis, buses, etc.).

1.2. Three foundational cores of the sharing economy

Acquier, Daudigeos & Pinkse (2017) argue that the sharing economy is resting on three foundational cores which are presented in Figure 1 below: 1) access economy, 2) platform economy and 3) community-based economy. Access economy, according to the authors, is a set that covers the share of underutilized assets to optimize their use. It can be based on profit, non-profit, a public-private partnership, or a cooperative model.

Figure 1: Three organizing cores of the sharing economy



Source: Acquier, Daudigeos & Pinkse (2017).

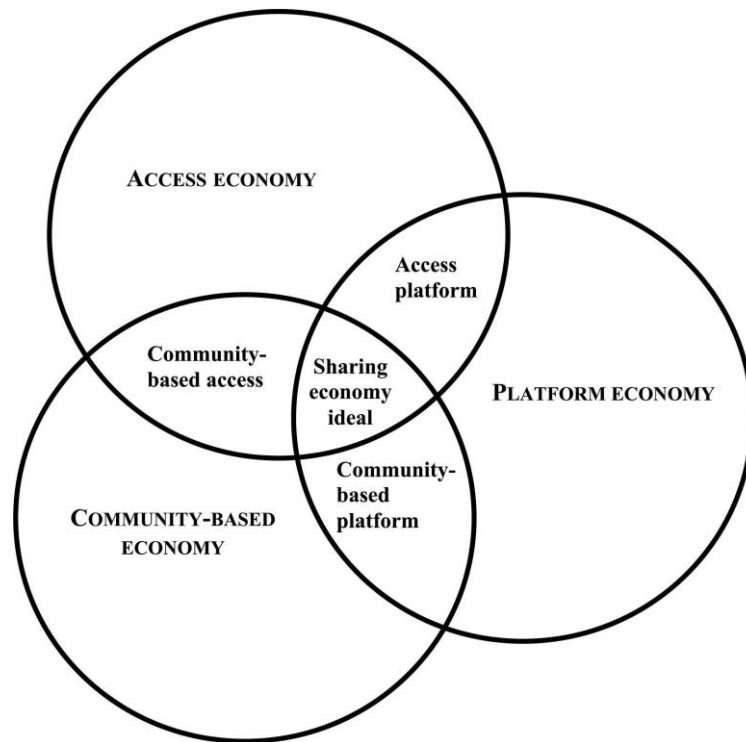
Access-based transactions rely on temporary access of products instead of transfer of ownership (Acquier, Daudigeos & Pinkse, 2017). This concept complements Rifkin's (2000) "Age of Access", which predicts a global shift of capitalism to post-ownership societies that rely on short-term use and the "just-in-time" concept through commercial networks. In recent years, the access economy has increased its offerings in services instead of products which are often referred to as product-service systems, servitization, and functional business models (Mont, 2002; Acquier, Daudigeos & Pinkse, 2017). However, it is worth noting that the access economy comes with some threats, such as information asymmetries and moral hazards with shared resources. Bardhi and Eckhardt (2012) argue that sharing does not always mean caring. Lack of identification with products or services, low community-based social control, and low probability of punishments in case of misbehavior are some of the reasons for sloppy usage of shared resources. The "Jevons Paradox" - increased consumption of some goods although it should be reduced - can also be attributed to the access economy. The economy that underutilized idle resources can also make products more accessible and prompt new uses – which can lead to increased exploitation of resources (Acquier, Daudigeos & Pinkse, 2017).

The platform economy is the second core of the sharing economy and is a decentralized intermediary between peers on digital platforms (Acquier, Daudigeos & Pinkse, 2017). Evans and Gawer's (2016) global survey showed that 70% of unicorns are built on a platform model (Evans & Gawer, 2016; Acquier, Daudigeos & Pinkse, 2017). These platforms can be based on strategy and innovation (Intel, Microsoft, and Cisco) or transaction platforms (Amazon, eBay, Appstore) (Gawer & Cusumano, 2014; Evans & Gawer, 2016). The total worth of platforms in 2016 topped more than \$4.3 trillion on the stock market. The benefits of these platforms are that they can create strong network effects. Their value lies in connecting and organizing transactions in place of producing themselves (Acquier, Daudigeos & Pinkse, 2017). Due to their decentralized nature, they create opportunities for individuals (customers get cheaper and secure access to goods & producers to create entrepreneurial ventures). However, because of their "free market" ideology and flat organizational models, their huge venture capital funds, and strong networks these platforms have created technological giants such as Airbnb, Uber, and Blablacar (Acquier, Daudigeos & Pinkse, 2017). The problem is that these platforms are exploiting workers' and customers' value by using power asymmetries (Bauwens & Kostakis, 2014). Other researchers argue that these platforms lack in protection and security of its workers, who are legally independent (seen as contractors) but are economically dependent on these platforms; and that new technologies are only extending its reach of managerial control to digital models (Redfearn, 2016; Lee, Kusbit, Metsky, & Dabbish, 2015; Acquier, Daudigeos & Pinkse, 2017).

The community-based economy is the third core of the sharing economy. It is about non-contractual, non-hierarchical, or non-monetized forms of exchange. The main purpose of this type of economy is to bring value to the community project, to create social bonding and promote values, or to achieve a social mission via community (Acquier, Daudigeos & Pinkse, 2017). Due to high digitization and the world becoming easily connected through digital forms, a community-based economy has created a form of "social sharing" across communities that are fragiley connected (Benkler, 2004). The community-based economy is initiated by political, legal, and ideological dimensions. It aims to promote a post-market society that is driven by free access, mutual help, and community development (Kostakis, Kostakis, Niaros, & Giotitsas, 2015; Acquier, Daudigeos & Pinkse, 2017). Bradley & Pargman (2017) in reality see different practices – challenges that depend on only a small number of thoroughly engaged individuals. This can create inequalities among individuals which leads to a paradox of openness and distinction, which in turn leads to social inequalities that are based on race, gender, class, or social capital (Schor, Fitzmaurice, Carfagna, & Attwood-Charles, 2016; Acquier, Daudigeos & Pinkse, 2017).

Figure 2 below, depicts how the three cores of the sharing economy are combined to initiate the sharing economy ideal and ease up some of the paradoxes developed by every single model.

Figure 2: Combining the cores of the sharing economy



Source: Acquier, Daudigeos & Pinkse (2017).

1.3. Business model of Airbnb

Airbnb was founded in 2008 in San Francisco by three entrepreneurs Joe Gebbia, Brian Chesky, and Nathan Blecharczyk. Gebbia and Chesky were roommates in San Francisco struggling to pay the rent. When the design conference came to town, the hotels' capacities were sold, so they created a website airbedandbrekfast.com to offer mattresses and breakfast for \$80 per night. Soon after, they realized the potential and asked Blecharczyk to join them to build the business (Azdin, 2019). Airbnb has changed the travel industry in many ways. It has been a disruptor of the hotel industry since its conception. Many hotel brands are trying to directly compete with Airbnb, such as Marriott's new Moxy brand that offers lower rates and attracts similar clientele as Airbnb. 42% of guests have opted out for the digital service instead of the traditional hotel service offerings. Moreover, Airbnb is not subject to VAT, unlike hotels that must add it to their guest's bills (Lemon, 2019). Airbnb's clientele is looking for a non-manufactured experience by being part of the community they are traveling to. Hotels are responding by offering vacation bundles, such as Marriott's romantic outings, kid-friendly activities, spa services, venue-based activities, and many more. They are collaborating with other tour operators to provide an experience to their guests beyond traditional room offerings (Lemon, 2019).

The competition sees Airbnb as an unfair threat since Airbnb is still not obliged with taxes and regulatory constraints (Coyle & Yu-Cheong Yeung, n.d.). Moreover, Business Model Toolbox (2021) frames it as “The world’s largest accommodation provider... that owns no property”. According to Business Model Toolbox (2021), Airbnb’s business model is divided into 5 sectors and is graphically presented in Figure 3 below:

1. Value Proposition & Customer – Airbnb is a community-based platform that processes bookings of private living spaces for travelers. It is a two-sided platform because it helps travelers find and book accommodation relatively easily, and on the other side, it helps owners to rent their living space and make a profit. It has more than 1.500,000 listings in 34,000 cities and 190 countries. Hosts have the privilege to choose whom to rent out to, based on the reviews that both sides can leave.

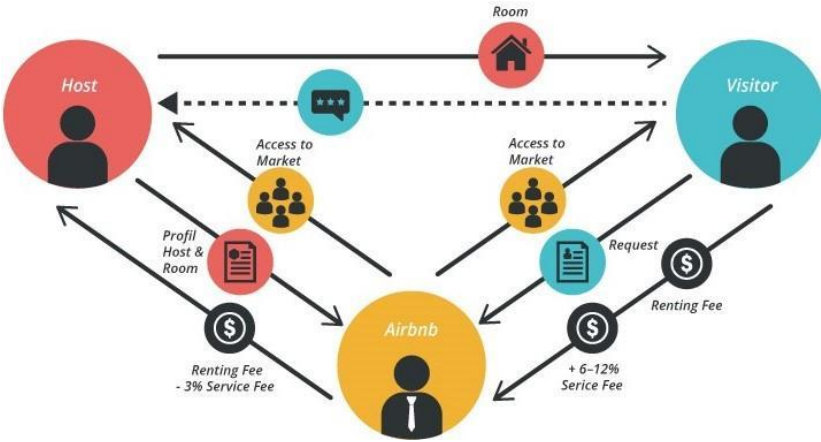
2. Mission & Core Values – Airbnb works on enabling travelers to feel at home anywhere they go by making relationships and connections with local hosts and gaining access to local cultures.

3. Value Formation & Core Activities – Airbnb is a transaction mediator between the host and the guest. It protects the host by providing insurance, as well as a rating & review system between the host and guest, and in that way, it creates mutual trust; it is part of the community of users which is why it has lower transaction costs.

4. Revenue Model – is based on 9-15% commission, which is divided into 3% host surcharge and 6-12% guest surcharge, on every booking made.

5. Organization – the focus is to make what people want and create a sense of belonging by embedding Airbnb virtually and in the real world in the communities they operate and serve.

Figure 3: Business Model Airbnb



Source: Business Model Toolbox, 2021.

According to Richardson (2015), sharing economies are diverse entities driven by passions, metaphors, and practices that cannot be narrowed down to the individual or corporate competencies. Because of that paradox, there is a constant need for reexamining “the continual emergence of new capitalist niches, cultures, and forms of agency” rather than any ‘capitalist monolith” (Richardson, 2015., p. 121). To these two dimensions – monism and pluralism in framing the economy are added the third dimension – digital. The digital dimension provides a wide set of possibilities for new practices and shapes of the economy. It is a combination of both virtual and material worlds. Products and services are made, passed around, and absorbed via digital means. A good example of this is Airbnb. The first element of the company is an online platform that intermediates between peers and reduces the costs of connections. Hypothetically speaking, if the demand is constant, supply should go up and prices down. Which was one of the reasons for the success of the company. They were able to quickly build a wider choice of rooms, better locations, prices, and amenities compared to global hotel chains. The second element is the peer-to-peer business model. Airbnb hosts are travelers, too, which means that peers (hosts and guests) are interchangeable. The third element is that Airbnb is access-based. Guests are buying access to accommodation for some time, rather than ownership of it (Richardson, 2015).

1.4. Issues of Airbnb

“We’re not against regulation. We want to be regulated because to regulate us would be to recognize us ...” The issue, he said, is that *“There are laws for people and there are laws for business, but you are a new category, a third category, people as businesses. As hosts, you are micro-entrepreneurs and there are no laws written for micro-entrepreneurs.”* – Airbnb CEO Brian Chesky (Uzunca & Borlenghi, 2019).

Due to the increasing demand in regulation for online companies, and the sharing economy in general, in 2019 70% of Airbnb’s top 200 cities placed restrictions on how many days a year residential property can be rented out. One of the company's problems that it needs to tackle is how to effectively place policies to meet the extensive list of legal requirements across the regions it operates. As an example, in New Jersey police had broken into an event of 700 people who were abusing the platform by using the property for a party (The Economist, 2020). Also, one of the more important issues Airbnb has affected in host communities is gentrification: creating benefits to the owners and consumers at the cost of the residents of local communities. In the areas where the company operates, there has been a general trend of unaffordable housing options for long-term rentals in favor of short-term rentals (Gold, 2019). Cocola Gant (2016) explained similar problems in Barcelona: long-term rentals are barriers to capital accumulation, and the only buyers of real-estates tend to be tourist companies. This conversion trend (from a long-term rental into short-term rentals), he calls “collective displacement” or substitution of residential life by tourism. Increased traffic and noise

and lack of responsibility for the common good are just a few of the social externalities caused by Airbnb (Widener, 2015). Other problems are discrimination – favor to rent to and from white people, while forcing communities of color out of potential income and equity streams (Gold, 2019, p. 1.). According to Guttentag (2013), Airbnb’s rental activity is frequently illegal, which can help in explaining the rapid expansion of the informal tourism sector – a sector that is unregulated or concealed by the authorities and usually has low entry requirements and small-scale operations. Moreover, he argues that there are some claims that the company is avoiding its full tax obligations. Waste management and safety concerns when strangers enter the neighborhood additionally increase the dissatisfaction of the residents (Nieuwland, Van Melik, 2020).

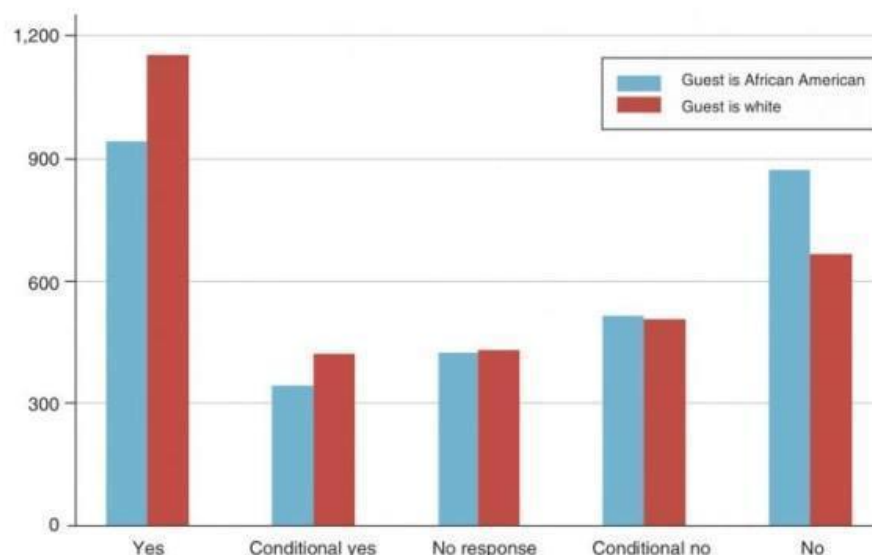
Guttentag (2013) argues that disruptive business models which are based on new technology overtake their legislations and therefore have issues with their general legality. This is important for the collection of taxes since they contribute to the public good and go to promotional funds of destinations where they are being collected (Mak, 2006; Guttentag, 2013). Across all of the U.S. and other 13 worldwide countries, taxes are being collected from hosts (Airbnb, 2021). However, the legislation of taxes should go to other regions and countries to eliminate the “free-riding” of Airbnb; since the majority of worldwide countries have some kind of tourist regulations or taxes, or is in the process of attaining it (Brain, 2019). If short-term rentals are legalized, they can be a source of revenue to local governments. Other than that, they can reduce the burden on the long-term housing market, as plenty of the short-term rentals harm the local (long-term) housing market (Said, 2012; Shih, 2012). Therefore, legalizing them would mean better organization and control of the entire housing sector. Moreover, Siad (2012) & Leland (2012) are delineating residents who are researching and openly arguing with what is going on in their neighborhood since the arrival of Airbnb – increased noise, lack of respect for residents, increased waste, security issues, conflicts with hosts and guests, and many others. In San Francisco, for example, there has been a trend of evicting long-term tenants to profit from Airbnb and other collaborative home rental platforms (Jones, 2013).

1.4.1. Issues with racism

Many researchers argue that due to its lower prices compared to other hotel accommodations Airbnb is reducing competition. This is especially true for low-end hotels, which are often individually owned (Aznar et. al, 2016; Fang et. al, 2016; Varma et. al, 2016, Zervas et. al, 2017). Zervas et. al (2017) continues to argue that due to Airbnb's near-zero marginal costs and a wide range of product and service offerings its competitors are having a hard time assimilating to compete with Airbnb’s low prices and the service it offers. On a more socio-economic level, the negative impact that Airbnb is producing is that in the cities where it has a stronger concentration, hotel wages are lower (Suciu, 2016). Moreover, Airbnb hosts generally do not have standardized health, safety, and insurance requirements when providing bed and breakfast services on the platform

(Oskam & Boswijk, 2016). Another concerning issue is accusations based on racism discrimination. For example, Luca & Bazerman (2020) in an article presented an example of this problem: an African American, a successful tech entrepreneur, and an investor was constantly being rejected when booking on the Airbnb platform. When he reached out to the company for help, he was given a \$100 voucher for his troubles and advice on what to do to increase his rating so he would not be rejected anymore. This incident happened in 2014, and by now the company was able to tackle the issue. However, a Harvard study showed disappointing results – 50% of white American-sounding name guests were likely to get yes when booking on Airbnb, compared to only 42% African American-sounding names (Edelman, Luca & Svirsky, n.d.). What is also concerning is that the profits were different for white and black hosts (namely, the latter earned less) (Luca & Bazerman, 2020). Edelman, Luca & Svirsky (n.d.) sent inquiries to 6,400 Airbnb hosts in the 5 U.S. cities: Baltimore, Dallas, Los Angeles, St. Louis, and Washington, D.C., from the 15th July – 30th July 2015. All the messages were the same, only the names varied from African American or white American sounding names. Results collected in this study showed that 16% of African Americans were less likely to receive yes for Airbnb reservations, only by the name sounding. Figure 4 below graphically presents the study. Based on this chart it can be concluded that white people (or the ones with white-sounding names) are better off than guests who have African American-sounding names. They are more likely to get “Yes” and “Conditional Yes”, while there is a slight difference in “Conditional No” and a huge difference in “No” - where African American guests are unfortunately being hugely discriminated (Luca & Bazerman, 2020).

Figure 4: Airbnb hosts are less likely to accept reservations from black guests



Source: Luca & Bazerman, 2020.

Another study based on 1,801 hosts on Airbnb has shown that African American sounding names were 19.2% less likely to be accepted by hosts. However, the study has also shown that positive reviews on guest's pages lead to almost equilibration between white and African American-sounding names (Cui et. al, 2019). While there have been some positive changes in fighting off racial discrimination, new research has found discriminatory evidence from hosts based on same-sex couples, Arabic-sounding names, and guests with disabilities (Luca & Bazerman, 2020). Hopefully, the company will be able to act fast and efficiently deal with these new findings of discrimination.

1.4.2. Increased rental prices

Many research projects are undertaken to find out if the "Airbnb effect" has any impact on the housing market. For example, a report by Bivens (2019, pp. 2-3), found that "the economic costs Airbnb imposes likely outweigh the benefits". The report claims there is evidence that the presence of Airbnb raises local housing costs which hurts the local population and increases the supply of short-term accommodations. Demand for housing is relatively inelastic (some groups might be more price-sensitive than the others but still their demand will not decline if the prices increase) which can lead to significant price increases if there are even tiny changes on the supply side (such as, converting long-term into short-term rentals). An unknown study indicates that Airbnb has helped raise the average price of rents by almost \$400 per year in New York (Bivens, 2019). Other studies have shown that big and popular cities are faring the worst. Airbnb's effect harmed house prices and communities in the cities such as Amsterdam, Barcelona, Edinburgh, and Los Angeles (Barker, 2020). Barron, Kung, and Proserpio (2020) in their study on the influence of Airbnb on the housing market in the U.S. found that there is a positive relationship between house prices and rents. Namely, a 1% increase in Airbnb listings means a 0.018% increase in rents and a 0.026% increase in house prices. In other words, on an annual level, there is a general increase in monthly rent by \$9 and \$1,800 in house prices. The study concludes that: a) Airbnb is responsible for 1/5 of the actual rent growth and 1/7 of actual housing price growth, and b) Airbnb increases the supply of short-term rentals and decreases the supply of long-term rentals.

Airbnb's highest number of listings is in London – 80,000 and 55% of these listings are made for whole properties (Barker, 2020). Research conducted by Evans and Osuna (2020), showed that out of 1,5 million of the U.K.'s landlord population, already 2,7% have switched to short-term rentals. This means that 50,000 long-term rentals are lost to tenants (Evans & Osuna, 2020). The survey has also indicated that 10% of long-term landlords expressed interest to offer short-term leases soon. If that were to happen between 200 to 470 thousand properties would become unavailable for residents to rent, which equates to 3.8 and 8.7% of the private rented sector stock in the U.K. (Evans & Osuna, 2020). Segu (2018) in her research of Airbnb effect on the short and long-term rentals in Barcelona, found that in areas where Airbnb's density increased by 1% lead to

4% increase in rents, compared to other areas where Airbnb was not present (for period 2009-2016). In the period between 2013-2016, when the Airbnb concentration was the highest (an average density of 0.77%), rents increased on average by 28% - from €9.66 in 2013 to €12.46 in 2016 (Segu, 2018). Horn & Merante (2017) investigated a similar problem in Boston. Rents in the city have been growing on average 5% annually and are considered the highest in the U.S. They have estimated that Airbnb has helped in reducing the supply of rents in housing but has increased rents by 0.4%. The study conducted was in 2017, and the researchers have predicted that if Airbnb growth persisted at current growth rates, use would double in a little more than three years (Horn & Merante, 2017).

In a long-run perfectly competitive market, home-sharing driven by rental housing price increases would lead to an increase in supply. But residential housing supply is severely restricted by limited resources, both of developable land, construction materials, and labor, and by Boston's notoriously restrictive land-use regulations. The price effect of either decreasing supply or increasing demand in Boston's imperfectly competitive housing market, therefore, may be persistent. In a city where the demand for rental housing is outpacing supply and pushing up rents quickly, home-sharing is contributing to this dynamic and deserves both further research and policy attention (Horn & Merante, 2017). As policymakers consider whether and how to respond to the rapid rise of home-sharing, these findings provide evidence that home-sharing is both a personal and a commercial enterprise and should be regulated and taxed as such. Several jurisdictions have recently adopted or considered legislation that seeks to differentiate between these categories of home-sharing providers to regulate and/or tax commercial users. For cities particularly concerned about the availability and/or price of residential housing, these results will strengthen the arguments for using such regulation and/or taxation, or alternative methods, to limit home-sharing activity in certain neighborhoods. On the other hand, these results emphasize the need for both further theoretical and empirical analysis of the social welfare implications of home-sharing, such as whether Airbnb enables middle-income families to remain in their homes in rapidly appreciating housing markets.

1.5. Effects of Covid-19 on Airbnb industry globally

A study by Farronato and Fradkin (2018) shows that before COVID-19, there was a 1.3% decline in hotel bookings in the 10 US cities with the largest Airbnb share, which resulted in a 1.5% revenue loss for the hotels in the affected areas. During the pandemic, there was a two-thirds reduction of gross bookings to \$3.2 billion. In 2019 nights booked were 84 million compared to 2020s 28 million in the second quarter. However, due to "travel redistribution" where foreign travel was replaced by domestic one, stays less than 800km from home rose more than 50% in the summer of 2020. Which led to 62 million nights booked and \$8 billion in gross bookings (The Economist, 2020). According to Curry (2021), in 2020 Airbnb earned \$3.4 billion, which is a 30% loss year-on-year due to the pandemic. There were 193 million bookings made or 41% less than in the previous year.

It is believed that Airbnb has been one of the hardest-hit platforms due to the pandemic. Namely, 85% of new bookings were reduced but have slowly increased in between the waves of the pandemic. Moreover, since many hosts have turned their short-term rentals to long-term, Airbnb has launched monthly stays which is very similar to traditional rental service but differs in the yearly rental agreement contracts (there are none).

Due to the pandemic, Airbnb was forced to fire around 1,800 employees, which made one-quarter of the total workforce, close most of the new activities (flights, television studio...), and drastically cut online advertising. The company lost \$916 million in the first half of 2020 but was later able to turn into a net profit of \$219 million in the third quarter of the same year. Now more than 90% of guests book directly from Airbnb's website. It is interesting to note that even before the pandemic, growth had begun to slow for Airbnb. Estimation is that even after the pandemic, room expansion will be limited for the company. Research by Bernstein shows that annual growth in private rental will slow in between 7-8% compared to around 20% of growth in the previous years (The Economist, 2020).

Hu & Lee (2020, pp. 32-33) explain that an 8.8% fall in the booking activity globally on Airbnb is due to the shock of the Wuhan lockdown. Local lockdowns lead to a 57.8% reduction in booking activity on average and an increase in cancellations by 4.5-fold. Moreover, every double increase in COVID-19 cases locally from the day before leads to a 4.16% decrease in bookings the next day. AirDNA has shown that new bookings were 85% less and cancellation rates were almost 90% - these results are from April 2020 (Temperton, 2020). AirDNA has also found a 53% decrease in U.S. bookings between February 3 and April 13 (Hossain, 2021). In some cities, Airbnb bookings were blocked. On the global level, in Beijing for instance, from 40,000 bookings in the first week of January, there were only 1655 bookings in the first week of March, which is an insignificant number of bookings if we consider the size of the population in the city in 2020 (20,463,000 people metro area only) (Hossain, 2021; Macrotrends, 2021). Moreover, Temperton (2020) argues that 2020 was supposed to be Airbnb's year by going public. The company's estimated worth was between \$50 - \$70 billion now is less than \$30 billion. In March 2020 revenue created on the platform was 25% lower year-on-year, which erased \$1 billion in bookings. Some of the hosts on the platform, to make profits, turned their advertisements as "deep-cleaned", "coronavirus-proof bunkers" much to the resentment of health officials. The company made a policy of returning the money for canceled reservations to the guests and has made \$250 million funds to support the hosts, while the Superhost club members were given access to an additional \$17 million funds to help with mortgage costs (Temperton, 2020). To help fight the COVID-19 crisis and financial loss caused by it, Airbnb has taken \$1 billion in funding (with more than 10% interest rate) from major Silicon Valley investors and \$1 billion in senior debt (GlobalData, 2020; Temperton, 2020). According to GlobalData (2020), many of Airbnb's listings have been removed from the platform to make month-to-month and

long-term rentals. What is concerning for the company is that some of these hosts might not return to the platform after the COVID-19 crisis. Some of them feel betrayed by the company since it allowed the full refund cancellation and left many hosts of their only income. Jack Forbes, CEO of Kopa (long-term housing rental site) stated to GlobalData that there is a growing trend for long-term rentals since they provide more security and are less uncertain; the average annual occupancy rate for Airbnb is under 50%, while for Kopa is 95% which can help in explaining the growing popularity of the long-term rentals (GlobalData, 2020).

Hu & Lee (2020) examined 33 boroughs of London and found that the COVID-19 outbreak harmed Airbnb listings and reviews. The reviews for entire properties and private rooms had similar effects to COVID-19. However, the cancellation rate was higher for private rooms than for entire properties (which shows that guests were aware of the threat imposed by COVID-19 and the benefits of social distancing). To fight off the crisis, Airbnb has started offering Online Experiences, where people can enjoy various tutorials, classes, and hangouts via Zoom for free or for a fee (price ranges from \$0 - \$84+) (Airbnb, 2021a). People can meet and explore world countries and cultures, by virtually being taken to the place they booked the tutorial or by cooking, dancing, painting, chatting... This benefits the hosts since some of them cannot list their properties for rent (due to the restrictions) and to the virtual guests who are hungry for experience and travel (Freedman, 2020).

1.6. Global effects of Covid-19 on the housing market and hospitality industry

In the Euro area during the first wave of the Covid-19 crisis effects varied from country to country. Some countries saw gains in housing investments, while two countries (Spain and Malta) saw losses larger than that of the 2008 crisis. This can be explained by different restrictions imposed by each Euro area country which helped in temporary pausing of construction activities, as well as, different fiscal support measures and the different demographic groups of the national housing markets. The effects were two-sided. Namely, households with poorer income saw a decline in willingness to purchase a house, while the medium and higher-income household groups saw an increase in willingness to buy a property. The situation got better during the second and the third wave, where it has been recorded that house prices went up by 6%, and the willingness to buy a house also improved, coming close to its pre-crisis levels. The factors that affected this trend were the improved supply and demand side and the continuation in the build of construction and real estate (N. Battistini, M. Falagiarda, J. Gareis, A. Hackmann & M. Roma, 2021). In the U.S. during the Covid-19 pandemic the housing market supply has fallen to historically low levels, while the prices have increased. The general trend was that there was increased demand, while the supply side decreased. Due to the restrictions imposed, people were forced to spend more time at home which has contributed to the increased demand to buy houses, as well as, lower interest rates. While

on the supply side, many homeowners were reluctant to list their properties on sale due to the above-mentioned government restrictions (Anenberg & Ringo, 2021). Regarding the Asia-Pacific region, the forecast according to PwC (2021) is that in the residential sector will be strong demand and a good track record of mortgage and rent payments. This is backed up by the fact that governments in the Asia-Pacific region were successful to limit Covid-19 impact on local real estate markets. However, there is a sense that this trend will not last for much longer, and that the market correction is inevitable (Keong, 2021).

Regarding hospitality industry, it is believed that it has been one of the hardest hit industries due to the pandemic (Kirshnan, Mann, Seitzman & Wittkamp, 2020). According to the study conducted by McKinsey & Company (2020) the hospitality industry is estimated to recover to its pre Covid-19 trends sometimes in 2023, or later. In the U.S. economy class hotels are faring much better compared to the luxury hotels. Namely, their occupancy rates are at 40% compared to the latter group of just 15%. Their lower operating costs make it easier to operate than the luxury hotels that are finding it more expensive to operate at lower occupancy levels, and thus, some of them are being closed (Kirshnan, Mann, Seitzman & Wittkamp, 2020). According to UNWTO (2021) research suggests that there was 84% less international tourist arrivals between March and December 2020 compared to 2019. UNWTO (2021) research argues that the decline in tourist sales leads to a 2.5-fold loss in real GDP on average, thus the economic loss is estimated to be between \$1.7 trillion and \$2.4 trillion in 2021. This has negative effects on the labor force since many hospitality workers have become unemployed (Vanzetti & Peters, 2021). Hotels are making substantial changes in their business operations to attract more guests. Many have installed safety measure protocols to bring back guests and increase their willingness to stay in hotels. The protocols namely are more digitalized service and reduction of physical contact as much as possible (Singh & Wang, 2021).

2. AIRBNB IN SLOVENIA BEFORE AND AFTER COVID-19

This chapter researches the Slovenian housing market in general, what were the trends before and during the Covid-19 crisis, in the terms of real estate market, and the Airbnb market in Slovenia. It depicts the general trends of what was going on in terms of rent and sales of the real estate in Slovenia, how did the crisis affect the rental and sales of real estate, how did the owners of Airbnb properties behave during the crisis, and whether the already burdened housing rental market was eased or not. It also shows the general trend of the Slovenian housing market and concerning Airbnb, as well as the current trends in Slovenia for Airbnb and Covid-19 impact on it.

2.1. The Slovenian housing market in general

According to GURS, the Slovenian housing market started picking up in 2015 from the 2008 economic crisis. However, in 2018 the market showed signs of stagnation. The number of deals made was less by 10% compared to the year before and the value of real estate decreased by 5%, but the prices continued to rise. This is especially reflected in the number of apartments in Ljubljana and its surroundings (STA, 2019b). Demand was boosted by convenient socio-economic factors: low-interest rates, economic growth, new jobs, and rising wages, which had a positive effect on new housing investments and the low-interest construction of the real estate market in the country (STA, 2019b). Prices of second-hand apartments were up by 10% on average compared to the year before, while they increased by 22% compared to 2015. The prices of houses increased by 8% compared to 2017, but in the second half of 2018, they started to decrease (STA, 2019b). The record that was in 2008 was broken in 2018-2019. The average for a square meter of an apartment in 2019 was 2% higher than in 2008, amounting to €1,850; and the average price of a house with the land was 3% higher than in 2018 and 19% higher than in 2015, amounting to €128,000. In other words, on the national level prices of houses have increased by 15-20% since 2015 (Loštrek, 2020). Figures 5 and 6 below depict the average prices of a) apartments and b) houses in euros per square meter across Slovenia from the period 2015-2019.

Figure 5: Average prices of apartments in euros per square meter across Slovenia from the period 2015-2019

	2015	2016	2017	2018	2019
Ljubljana	2040	2180	2410	2770	2800
Maribor	1050	1080	1150	1270	1340
Ljubljana suburbs	1620	1680	1820	2040	2240
Celje	1050	1130	1140	1230	1320
Coast without Koper	2130	2260	2330	2460	2560
Kranj	1560	1610	1700	1840	2040
Koper	1810	1970	2110	2310	2450
Novo mesto	1220	1250	1370	1500	1630
Nova Gorica	1480	1410	1560	1610	1800
Postojna	1010	1110	1190	1250	1360
Murska Sobota	880	900	940	990	1050
Krško in Brežice	910	920	970	1020	1120
Sežana	1310	1360	1490	1410	1480
Slovenj Gradec	1030	1130	1150	1190	1250

Source: Loštrek, 2020.

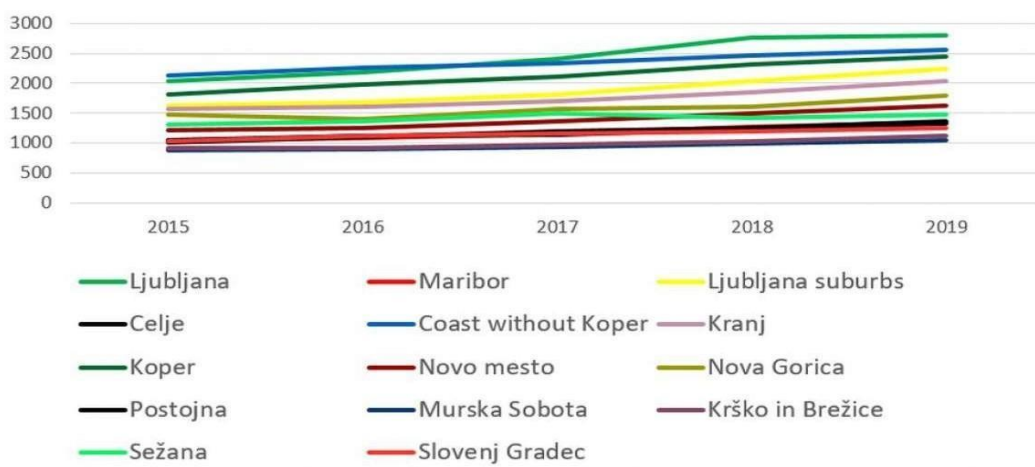
Figure 6: Average price of houses in euros per square meter across Slovenia from the period 2015-2019

	2015	2016	2017	2018	2019
Ljubljana suburbs	156,000	167,000	170,000	184,000	196,000
Ljubljana	208,000	233,000	245,000	277,000	296,000
Maribor suburbs	86,000	86,000	91,000	103,000	108,000
Maribor	106,000	108,000	107,000	118,000	122,000
Celje suburbs	75,000	78,000	95,000	93,000	101,000
Kranj suburbs	178,000	136,000	139,000	166,000	163,000
Coast without Koper	260,000	277,000	297,000	322,000	265,000
Celje	98,000	108,000	99,000	113,000	145,000
Novo mesto	126,000	113,000	139,000	137,000	147,000

Source: Loštrek, 2020.

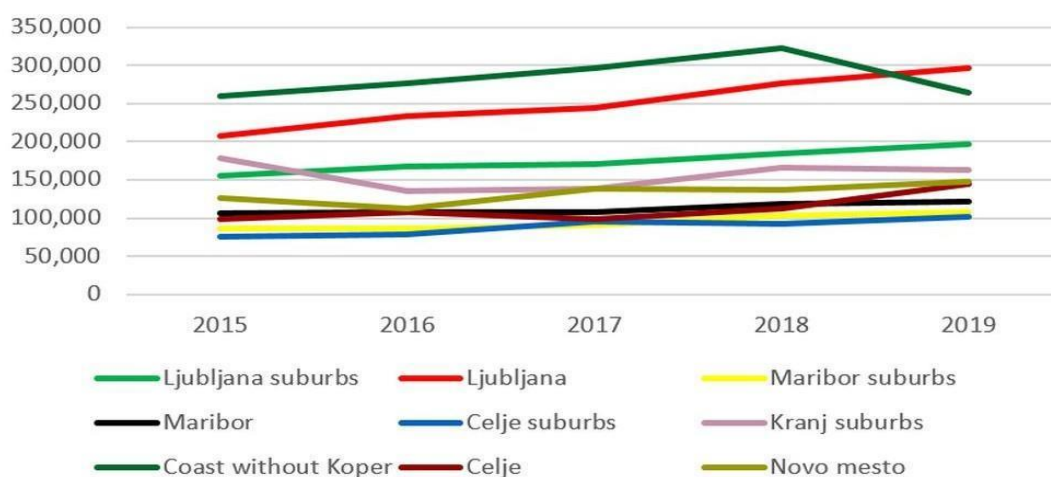
Figures 7 and 8 graphically show the price trend of apartments and houses from 2015-2019 in several Slovenian cities and regions. The lowest average price of an apartment was in Krško in Brežice and Murska Sobota - below €1000 and the highest average price was in the coast without Koper region - in 2015. For Krško in Brežice and Murska Sobota average price increased just up to match €1000, while Ljubljana took over for the highest average price in 2017. The lowest average price for a house in 2015 was in Celje suburbs on average between €60,000-70,000 and the highest average price for the same year was in Coast without Koper, more than €250,000. Celje suburbs kept the same trend of the lowest average price in 2019, but they almost evened out with the Maribor region. Coast without Koper region reached its peak in 2018, where it passed above €300,000 on average, but in the same and following year it went down to almost the same price it had in 2015, while Ljubljana showed a steady price increase (with some small bumps) from 2015-2019 and came to almost €300,000 price on average.

Figure 7: Average apartment price in Slovenia from 2015-2019



Source: Loštrek, 2020.

Figure 8: Average house price in Slovenia from 2015-2019



Source: Loštrek, 2020.

In 2019 the number of sold estate deals increased by 4% from 2018 but was 8% lower than in the peak year 2017. The total number of deals was 13,682, and the value amounted to €1.3 billion, or 6% higher than in 2018. Housing prices kept the same trend of increasing by 5.2% for 5 consecutive years, which came as an effect of market recovery that started in 2015 by 0.1% growth and reached 9.1% in 2018. The sale of used units was the leader with 3,458 transactions in the last quarter of 2019 alone, which amounted to €340 million. For the same period, the number of used flats amounted to 2,141 transactions, while the number of new flats was fluctuating but still increased by 26.9% on average from 2015. In the last quarter of 2019, the biggest price increase was for new houses (10.9%), followed by used flats in other regions than Ljubljana (7.1%), new flats (6.3%), used houses (3.8%), and used flats only in Ljubljana (3.2%) (STA, 2020).

According to the Statistics Office, in 2019 prices for second-hand homes rose by 5.3% compared to the previous year as a side effect of price increases of houses by 6%. The biggest single category of real estate – used apartments grew slower but steadier quarterly by 1.6% while in Ljubljana only it rose by 2.3%. Used apartments in 2019 were 39.7% more expensive compared to 2015, on average. Home prices increased by 8.5% year-on-year and the prices of used flats increased by 3.1% over the second quarter of 2019. The second-hand homes amounted to €310 million in sales, while the sale of new homes was lower (STA, 2019).

According to STA (2019a), Ljubljana is lacking around 4000 new rental homes, and it cannot face the demand alone. A study carried out by the Ljubljana Faculty of Social Sciences and the Institute of Spatial and Housing Policies showed that the prices of apartments are growing faster than wages – average apartment price has increased by 26% in the 2011-2017 period, while wages rose only by 5% (STA, 2018). According to Špela Perner, from the Institute of Spatial and Housing Policies, in 2014 84 average

monthly salaries were needed to buy a 50 square meter apartment in the city, while this number rose to 101 in 2017. According to the study, apartment construction in Ljubljana is significantly behind the growth rate of the population. For comparison, in the period 2008-2017, the number of residents increased by 15,500 while the number of apartments increased by only 3,300 units. Moreover, the authors of the study estimated that by 2025 there will be a shortage of 16,000 apartments (STA, 2018).

2.2. Airbnb trends in Slovenia

Many local people are in disfavor to renting apartments in the areas that were designed for quiet living communities. There is a lack of interest in the local government to the problems of people who have Airbnb guests as neighbors. The only government authority that is interested in this problem is tax administration. Another issue is for the students who are looking for affordable long-term accommodation. Due to the price increase and general popularity of short-term rentals, prices have increased so that the students can no longer find affordable and comfortable accommodation. They are forced to search for it for several months, and usually succeed with the help of networks (Novinarke.si/Novinarji.si, n.d.). According to the real estate expert, Zarja Mavec, prices for two-to-three-bedroom apartments have gone to EUR1100 or more, compared to previous years of EUR600, for the same size of the apartment (Novinarke.si/Novinarji.si, n.d.). Prices of new flats in 2018 have gone up by 48.9% compared to 2015's average (Kriznik, 2018). This can be explained by the surplus in demand compared to the lack of supply in housing. From 2013 to 2017 only 210 apartments were built, which has not contributed to the equilibration of demand and supply sides (Novinarke.si/Novinarji.si, n.d.).

Dolničar (2021), in the article *Airbnb Before, During and After Covid-19* argues that Ljubljana is interesting to study concerning tourism. Namely, it does not have a strong historical link with the tourism economy, or in other words, it started to rely on tourism in the past decade. With respect to this, many things have changed in Ljubljana, since the introduction of excessive short-term rentals. Firstly, many young families were unable to buy apartments or houses due to price increases. Students were in the same sour spot – unable to find affordable and appropriate student accommodations. The residential areas in the center of Ljubljana now became tourist hubs, which had negative effects both on the local and tourist population. For the first group, they were forced to leave those areas; while for the second group it reduced the sense of local authenticity and lack of interaction with the local population.

Regarding Airbnb and its effect on the Slovenian housing and rental market, in an interview conducted by Kučič (2018a) for *PodČrta* newspapers, one student explains his difficulties in searching for an apartment to rent for long-term. He argues that it took a lot of time for him and his roommates to find accommodation. The prices of an apartment

were more than €700, which is double that when they first came to Ljubljana to look for a rental several years before. Moreover, he argues that finally, when they found the apartment, the property owner told them they needed to move out by summer, but could return by the end of it, so she could rent the place on Airbnb. The Ljubljana Student Organization argues that many property owners now prefer short-term clients instead of long-term tenants since they bring more profit. Thus, many students are left with little choice when finding accommodation. According to dr. prof. Andreja Cirman from The School of Economics and Business Ljubljana the availability of accommodation for foreign students who are on full-time or exchange studies at the University has decreased by 80%. She argues that this has negative consequences in the long run for the faculty since the exchange of students goes both ways – if the foreign students can no longer come to the faculty due to problems in finding accommodation, then our students can no longer go on exchange (Kučić, 2018a). Zarja B. Mavec argues that Airbnb has changed the Ljubljana real estate market by doubling the rental prices of long-term accommodation (from €500-600 to €1100-1200) becoming unavailable to the general population; shifting the whole supply of the apartments to short-term since many people now buy apartments only to rent them for short terms. Uroš Buda, the director of the Tour AS agency claims that his agency cannot find any suitable apartment for the 2-year rental period for a foreign national who is willing to pay up to €2000. Mr. Buda claims that there is little supply for the long-run rental market, and he blames the sharing platforms (Kučić, 2018a).

An investigation conducted by Today is a New Day Institute and Pod Črto (2018), has shown that Airbnb has all the elements of “platform capitalism” rather than the concept of the sharing economy. Most of the revenue, as the survey has shown, is collected by property owners in the best locations, and the most profitable real estates are managed by real estate agencies that are specialized for that purpose (Kučić, 2018b). Several global studies have shown that Airbnb has left the local population worse off with high gentrification effects especially on the weaker socio-economic parts of the population. Researchers of the above-mentioned study are asking if the same trend is also typical for Ljubljana – the city that offers most of its accommodation on Airbnb. Unfortunately, this question is hard to answer, since most of the Airbnb owners are renting their estates “on the black market” - avoiding paying taxes and tourist tax. Thus, it is very hard to find the real effect of Airbnb on the price and affordability of apartments. However, they assume that if such effects exist in Slovenia, the most negatively affected would-be students and weaker social groups (Kučić, 2018b). The research has found that out of approximately 1,600 properties registered on the platform, 797 were available on Airbnb for at least four months (655 – flats and 142 – rooms). This means that half of these properties were intended for market rent, i.e., long-term. This according to the study’s estimates is a small share of the total rental market of Ljubljana, which can lead to a conclusion that Airbnb represents one of the reasons for the rental market shortage, but it is not the only reason

(Kučić, 2018a; 2018b). Other reasons can be the lack of construction buildings and the yearly trend of price increases in the real estate market.

2.3. Effects of Covid-19 on Airbnb on the Slovenian housing market

Regarding the Slovenian housing market, the data below can explain how COVID-19 affected the market. As will be shown, before COVID-19 there was a general increase in the number of active rental offerings, but as the pandemic started there was a sharp decrease. In 2020, there were 42% fewer tourist overnight stays than in 2019, due to the restrictions placed by the Government Ordinance on the Provisional Prohibition on the Offering and Sale of Goods and Services to Consumers in the Republic of Slovenia. There were over 3 million arrivals or 51% less than in 2019 and 9.2 million overnight stays or 42% less than in 2019 (Zupančič, 2021). If we look at the number of bookings in the third quarter of 2019, we can see that the capital of Slovenia had 2,481 active rentals, compared to 2020's same period of 1,996 and decline in the last quarter of 465 rentals, amounting to 1,531 active rentals by the end of 2020. The same trend can be seen in Maribor. The third quarter and the highest active rental bookings in 2019 were 178, compared to the same period in 2020 of 161 active rentals. The last quarter had 151 active rentals (Airdna, 2021).

According to The Slovenia Times (2020), during the first lockdown and after it, owners of the short-term rentals have opted out for medium and long-term rentals to students and other individuals. Some of these owners have listed their flats for sale, but not many. Most of these rentals were advertised on Airbnb and Booking.com. During the first lockdown, most of the real-estate agencies were physically closed but offered services online, such as virtually showing apartments to their clients. Boris Velski from Mreža Nepremičnin believes that this trend is going to last at least until the spring of 2021. He argues that the market is now dominated by strong, motivated buyers, who know what they want and how to finance it. Research by Slovenia's Surveying and Mapping Authority (GURS) found that there were 35% fewer deals made in the first six months of 2020 for flats and houses. But, this amounted to EUR532 million, which is 70% of all transactions and an absolute record for six months. Most of the demand is turned to one, two, and three-bedroom apartments for second-hand properties that do not require too much investment. Moreover, due to the first lockdown, the demand has shifted to houses, holiday homes, and land due to the difficulties that many have found while being locked in their apartments. It is interesting to notice that even though the demand for houses has increased, the prices have decreased between 15-20% compared to before the pandemic, but the apartment prices have gone up by 7%.

According to Dolničar (2021), in Ljubljana only for a five-year period (2013-2018), there was an 84% increase in the number of beds promoted on the Airbnb platform. However, in the first 9 months since the start of the pandemic in 2020, there were 70% fewer bed

offerings than the year before. In the research conducted by Dolničar (2021) from the three largest real estate agencies, experts agreed that there was a general increase, compared to the opposite trend from years before, in the number of long-term rentals. Many real estate owners turned their short-term rentals to long-term, some did sell their real estates and invested that money into something else, but those were few. Moreover, many owners believe that the market will return back to normal, as before Covid-19, and that this type of accommodation will be more favored compared to crowded commercial accommodations, such as hotels since many will feel safer in fewer crowds. Also, leisure travel will recover faster than business travel.

Verovnik (2021) newspapers are arguing that the monthly profit for rent amounts to €650 while renting out an apartment on a short-term basis during the peak season amounts to €400 per week. This can be the reason why many landlords are waiting for the restrictions to ease up and borders to be open since they find it way more profitable to rent on a short-term than long-term basis. Mrs. Verovnik who works for the newspapers has spoken to several hosts on the Airbnb platform from Ljubljana, Gorenjska, and the Coast regions. All of them are not considering renting out long-term, nor are they thinking of lowering the prices for Slovenian tourists. They believe that their properties will be rented out at least sometime this year and be partially occupied for the same prices. They are confident that people even more so want to go on vacation and travel. Moreover, some of them have already received reservations and inquiries from abroad. These hosts are not concerned too much about the current situation since they do not have any loans to pay off. The situation gets more complicated with the hosts who are active with bank loans. They worry about repaying the bank loans now that they cannot use part of their properties to advertise on Airbnb as a way of earning for the loan. Some of them, especially younger generations, are turning to their families and friends for financial support, but even that cannot be forever. The pandemic has affected the mentality of buyers. Priorities have changed. Small apartments have become even smaller, especially for families with children. Most of the new buyers due to the pandemic are looking for balconies and more sophisticated architecture and sustainable construction observes the SH Global Group. Moreover, demand has become greater than supply, construction materials are more and more expensive, making real estate prices higher, but people are still willing to spend more money on real estate than ever before. Some estimations are that currently, Maribor lacks around 1000 apartments. Due to the novel situation, the advertising and show-off of the real estate properties have changed to virtual reality. Buyers, due to the restrictions, were not limited to buying properties, but have shifted from physical viewing to virtual viewing and buying of real estate, with the help of the real estate agencies. Vasja Crnjakovič from RE/MAX nepremičnine, argues that real estate and especially residential ones are more resilient to changes than most other economic activities since it is a crisis-safe investment. According to Boris Lajh, from Century 21, it is hard to predict where the real estate market will end up in a year or two. He claims that the market situation is complicated, but there will not be a price drop for housing. Moreover, it will only increase

due to high demand. For example, most of the new construction is being sold out even before the construction has started. In Maribor, according to Crnjakovič, prices of the apartments in 2020 have risen by 10% and by March 2021 by an additional 10% but are still among the cheapest in Slovenia. He continues to argue that in Ljubljana, for example, new buildings cost around €10,000 per square meter, and on the Coast in Koper, prices of square meter go around €2,500 but since 2020 they have increased by 7% (Verovnik, 2021).

According to preliminary GURS (2021) data for the real estate market in Slovenia for the year 2020, there was a decrease in the number of concluded purchases and sales by less than 15% compared to 2019, while their total value was about 20% lower than in 2019. The number of concluded purchases was around 31,200 and the total value was about €2.2 billion. Table 1 below depicts the total number and value of concluded purchases from 2015 – 2020. The peak, and year in both the number of purchases and the value of transactions, was in 2019 when the total number of transactions was 36,400 and the value was €2,8 billion. The year 2020 was only better, on both levels, than 2015, when the market started picking up from the 2008 recession.

Table 1: Number and the total value of concluded real estate transactions in Slovenia for the period 2015-2020

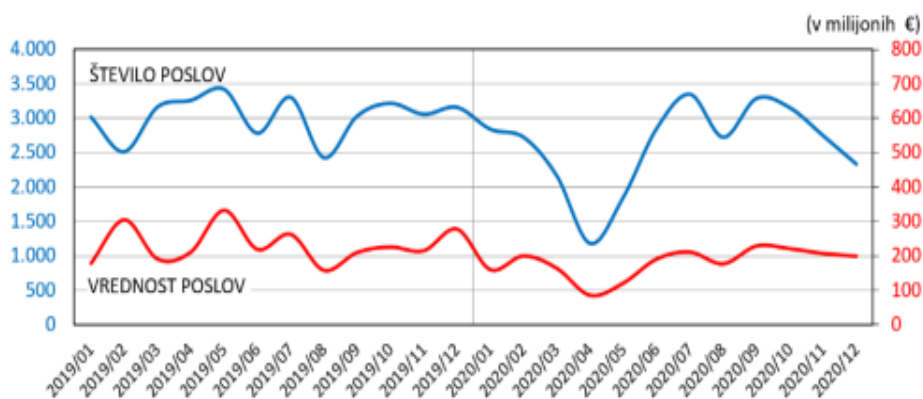
YEAR	NUMBER OF TRANSACTIONS (in thousands)	VALUE OF TRANSACTIONS (in billions)
2015	30,6	1,8
2016	34,3	2,3
2017	36,9	2,5
2018	35,3	2,6
2019	36,4	2,8
2020	31,2	2,2

Source: GURS, 2021.

Figure 9 below depicts and compares the monthly situation of concluded sales contracts and their total value in 2020 in respect to 2019. It best represents the impact of the epidemic on the real estate market. In March 2020, when the first lockdown started there were almost a third fewer deals and 15% less in their value compared to the same period in 2019. In April 2020, there were 45% fewer sales and their total value was halved,

compared to March 2020. Compared to the same period year before, there were 65% fewer transactions made, and their value was 60% less. In May 2020, when the measures relaxed, the number of transactions started to increase rapidly, mainly due to the conclusion of deals with residential real estate. Compared to May 2019, the number of transactions was still lower by 45%, and their total value by 65%. In June 2020 the situation got better by just a few percent than in 2019, but their total value was about 15% lower than in 2019, mainly due to lower sales of commercial real estate. The same trend continued in July 2020, where the number of transactions increased compared to the month before by about 15% and their total value by 10%. The number of transactions was almost the same compared to the same month in 2019, but their total value was down by 20% also because of lower sales of commercial real estate. August 2020 was 20% and 15% less than in July 2020 for the total transactions and total value. However, it was by 10% higher in both terms (total number of transactions and total value) than in the same period of 2019. September 2020 kept the same trend as August 2020, by being 10% higher in both terms compared to September 2019. In October 2020, things started to change with the proclamation of the second wave of the epidemic. With the ban implementation of real estate visits, the number and total value of transactions were 5% less than the month before, and 3% less than in October 2019. November and December 2020 kept the same trend of real estate turnover decline. According to GURS estimations, since there is still not officially collected data for these two months, the number of transactions in November 2020 was 10% lower than in November 2019, and in December 2020 compared to December 2019 it was by 30% lower. GURS also argues that the true impact will be shown in the summer of 2021 when the official data will be collected and interpreted, but also that should not be overlooked the ban on inspections on the real estate which has undoubtedly played a significant role in the smaller number of concluded sales and was in force until February 2021. The blue line in Figure 9 represents the number of total transactions presented in numbers on the left side and the red line represents the value on the right side with numbers expressed in millions.

Figure 9: Number and the total value of concluded real estate transactions in Slovenia for the period January 2019 – December 2020



Source: GURS, 2021.

According to the preliminary GURS (2021) data, around 8,700 apartments and 5,800 houses were sold by mid-February 2020. GURS is estimating that the real number of apartment transactions decreased by 15-20% and the number of housing transactions decreased by 5-10%. This is solely a consequence of COVID-19 restrictions. If there was no epidemic the situation would almost certainly reach that of 2019. The demand for the real estate housing market stayed big for all types and ages and the demand for land for the construction of houses and apartment buildings increased (GURS, 2021).

Second-hand housing, according to GURS (2021) best represents current trends in real estate prices. Despite the lower transactions during the pandemic in 2020, the prices have continued to rise on the state level. In 2020 there was a price increase of 5% compared to 2019 and compared to 2015 was one-third higher and it came to €1,900 per square meter. In Ljubljana, the prices of second-hand flats exceeded €2,900 per square meter, for the first time, and began approaching €3,000 per square meter. After the price stagnation period in 2019, which preceded the increase period of 2017 and 2018, prices in 2020 increased by just under 6% compared to 2019. In Kranj prices of second-hand apartments increased by 7% compared to 2019 and were €2,180 per square meter. In Celje, prices increased by 8% and in Maribor by 6%, compared to 2019. In both cities, the price of second-hand housing exceeded €1,400 per square meter. On average, apartment prices were 50% lower than in Ljubljana. In Koper in 2020, the average prices of second-hand apartments decreased by 2% compared to 2019, while the prices of the Coast without Koper increased by just under 7%, and continue to increase. The housing prices were on average 50% lower than those in Ljubljana, they have started to rapidly increase and approach those in Ljubljana (GURS, 2021).

March 2020, with imposed restrictions, brought a sharp decline in the number of realized transactions, and the number was comparable to that one from the beginning of the 2008 real estate market crisis. Most of the concluded transactions were the ones that were already agreed upon before the epidemic started. Between the first and second epidemic restrictions, there was an increase in the number of realized transactions which was higher than in the same period in 2019. From October, the restrictions brought the prohibition on conducting field inspections which significantly harmed real estate, and it lasted four months (until February 2021). However, the number of completed transactions was still bigger than in the first wave of the epidemic (GURS, 2021).

2.4. Effects of Covid-19 on Airbnb on Slovenian Airbnb properties

Due to the restrictions in stopping the spread of the virus, there were very few tourists coming to Slovenia. Many of the flat owners that were also renting on Airbnb now were in trouble of repaying the loans they took from the banks when purchasing the flats. Some of the owners opted out to sell the flats, while many others opted to lease them in the medium term hoping that things would return to as before the pandemic. Hočevar from

Remax Ljubljana real estate agency, argues that even the owners who did not want to rent on a medium-term basis but were waiting for short-term leases in the summer of 2020, eventually would end up forced to lease the flats in long term or sell them (STA, 2020b). According to Flanner (2020), Slovenian tourism will take long-term to recover, and is not expected to fully start recovering until the end of 2023. Minister of Economy of Slovenia Zdravko Počivalšek noted that in the first 10 months of 2020 there were 46% fewer tourists, and the number of overnight stays was 37% less than in 2019. Many of the workers in the tourism sector stayed out of jobs or were forced to take absence leave. Namely, by the end of October 2020, there were around 6,000 tourism workers who were registered as unemployed at the Employment Service. Slovenian tourism is currently mainly supported by tourism vouchers aimed at domestic tourists. Due to the heavy loss in the number of tourists in 2020, Maja Pak the director of the Slovenian Tourist Board (STO), argues that this is a 7 million loss in overnight stays due to the pandemic. The forecast for 2021 has similar figures but is a bit more optimistic when it comes to foreign guest arrivals. According to Flanner (2020), STO presented 3 phases of the recovery plan for the following years. The first phase will last until the end of 2023. The second phase is to follow the trends domestically and within the neighboring countries, as well as the adjustment of public and health measures. And finally, the third phase will have a strong focus on strengthening the resilience and restructuring and developing tourism infrastructure, which is scheduled to last until 2026. According to Maja Pak, the key focus when re-establishing tourism should be sustainable and digital development, along with air links, business tourism, and investments. Andrej Prebil the director of the Tourism and Hospitality Chamber (TGZS) argues that more than €10 million will be needed for the tourism recovery of Slovenia, due to the pandemic (Flanner, 2020). Zoran Đukić, the director of real estate Stoja Trade agency, claims that there will not be any bigger changes in the prices of rents, due to decreased Airbnb and all other short-term rentals and conversion on the long-term. However, he argues that the burden will ease and that there will be less shortage in the medium and long-term rental market. Đukić expects that people will continue to shop for apartments since they represent safe investments and bring value in the long run, if the stock and financial markets do not fluctuate too much (STA, 2020a).

Anže Čokl, the head of two hotels from the area around the Alpine Lake of Bohinj, expects that the tourist vouchers for 2021 will be a success for the second year in a row and that it will save the tourism season like in 2020 (STA, 2021). The number of foreign tourists will continue to depend on the vaccination rates, which can help in easing up travel restrictions. Experts believe that tourism will first recover at the local level – at the destination which can be accessed by car. Other expectations are that tourists will book shorter holidays and will be closer to their homes, whereas domestic tourists are expecting to get more for their money. The travel trends according to STA (2021) are to have high hygiene expectations which will be crucial in choosing the accommodation, but that the attendance of less popular destinations will be more active. Čokl argues that the number

of Slovenian tourists in 2019 at Lake of Bohinj was 8%, while in 2020 that number rose to 90%. However, their habits are different than those of the foreigners. They tend to be more outdoors and usually stay 2-3 days, as opposed to the foreign tourists who usually stay in between 5-7 days (STA, 2021).

In 2019, over 9,700 flats were advertised on the Airbnb platform which generated €66.5 million in revenues, according to the Ministry of Economy (STA, 2021a). For this reason, the Ministry of Economy has proposed a draft of the hospitality industry bill based on several years' trends in short-term private rentals. The bill will have stricter rules for private rentals such as on Airbnb, service providers will be obliged to register, have an identification number and obtain certain permits. Namely, providers who rent their properties in a multi-apartment building up to 90 days a year will have to obtain consent from 75% of the apartment building owners. They will also need to have the municipality permit in which the property is located, while for two or multi-apartment buildings the renting period can be limited by the municipality. The providers will have to be registered in the Slovenian business register and will have to obtain a special identification number for marketing purposes, which will not be public but visible only to the oversight bodies and the owners of the number. Moreover, the provider can face a fine of €4,000-10,000 if they are not able to obtain a municipal permit or a permit from other property owners. The bill was proposed due to the negative impact Airbnb and other short-term rental platforms have on the competitiveness of other, traditional accommodations, as well as the negative impact they have on the housing policy in major Slovenian cities. They can also harm the development of innovative products, so if the bill gets accepted hospitality establishments will be able to set their working time on their own, while municipalities will still have an option of limiting it, yet only in the period between 10 pm and 6 am (STA, 2021a).

3. RESEARCH FRAMEWORK AND METHODOLOGY

3.1. Purpose, goals, and research questions

The purpose of the qualitative research is to understand what happened to the real estate market and Airbnb homeowners in Slovenia before and after the COVID-19 outbreak. To observe the business practices of the real estate agencies and individuals who offered their accommodation on the Airbnb platform. The purpose of this research is to understand and predict the general trends and provide a forecast of the possible trends after the pandemic.

The goal is to understand the effect of COVID-19 on the Airbnb market in Slovenia concerning the real estate agencies and individual owners that were renting on the platform before and during the pandemic. The research aims to determine the dominant strategies undertaken by Airbnb hosts during the crisis and their intentions for hosting post-crisis. How did the individual owners cope with the challenges that the pandemic

had brought? Were they selling their real estate or transferred them on long-term rentals? Did the pandemic ease up the already overburdened real estate rental market in Slovenia, or did it make it worse off? The research will show the evaluation of business practices of real estate experts & individuals and based on that will offer recommendations.

Based on the above-written design and objectives, this master thesis will try to answer the following research questions:

- RQ1. What were the main properties of the Airbnb market in Slovenia before COVID-19?
- RQ2. How did COVID-19 affect the Airbnb market in Slovenia?
- RQ3. What were the dominant strategies undertaken by Airbnb hosts during the crisis?
- RQ4. Were changes in Airbnb patterns visible in the housing market in Slovenia, and if so, in what way?

3.2. Research design

The methodology in this thesis is based on two types of sources, primary and secondary data. In chapters 1 and 2 secondary sources were used to obtain a literature review on this topic from scientific articles and papers. This helped in obtaining the theoretical framework, Slovenian and foreign research available in online databases, including different scientific articles, academic journals, literature, and statistical data taken from the Statistical Office of Slovenia. In the preceding chapters based on the secondary sources, the Airbnb platform & business model with its problems were explained (chapter 1); and the housing market and Airbnb before and after the pandemic was depicted (chapter 2).

The focus on the primary data collection is in chapter 4, where the qualitative research in the form of in-depth structured interviews was taken. The in-depth interviews were conducted with the 3 Slovenian experts and researchers from the real estate market and tourism sector and 5 individual homeowners who were renting on the Airbnb platform before and during the pandemic. The interviews were conducted online by Zoom and by email in English between May and June 2021. On the Zoom platform, 5 interviews were conducted, while through the email correspondence I had 3 interviews. The focus of the interviews was on the whole country where Airbnb properties were.

3.3. Sample description

Primary data was collected with in-depth interviews that were performed between 5th May and 17th June 2021. The expert participants were recruited by a recommendation from my mentor, colleague, and the first participant. While the host participants were recruited from the Airbnb platform by private inquiries (which almost got me expelled from the platform), Facebook, and mentor. The interviews were conducted online by email from 3 hosts, and online via the Zoom platform by 2 hosts and 3 experts. The location of the industry experts' research and agencies covers the whole of Slovenia, while individuals were from regions where they had Airbnb listings (in Table 3 is shown where their properties are located).

Tables 2 and 3 below represent the samples of the thesis. Table 2 represents statistical details of the experts in the industry: age of the expert, city/cities where they operate, and the number of years in the industry. Table 3 represents the data on individuals that are renting on the Airbnb platform: their age, city/cities where they are renting, how many years they are renting, and how many properties they have.

Table 2: Structure of the statistical sample according to the age of the expert, city/cities of renting, number of years in the industry

Number of expert	The age range of expert	City/Cities of renting on Airbnb	Number of years in the industry
1	41-45	Tourism research	6
2	41-45	Real-estate agency	10
3	46-50	Real-estate research	20

Source: Own work.

Table 3: Structure of the statistical sample according to the age of the host, city/cities of renting, number of years renting, number of properties renting

Number of host	Age of host	City/Cities of renting on Airbnb	Number of years renting on Airbnb	Number of properties renting	Partial or whole property rented
1	40	Soča Valley	6	1 house (2 renting units)	Partial & whole
2	33	Ljubljana	5	1	Whole
3	28	Did not want to give location	2	1 in Slovenia, 1 abroad	Whole
4	50	Soča Valley	> 1 year	4	Whole
5	32	Komenda & Polhov Gradec	16 months	2	Whole

Source: Own work.

Both sample groups were classified into the following age categories: 25-30, 31-35, 36-40, 41-45, 46-50, for the better statistical understanding of their age and the percentage of the biggest and smallest age groups they took.

The biggest percentage by age of experts belongs to the 41-45 age group, where there were 2 participants or 66,66% of all samples, and 33,33% of all samples or 1 participant from the 46-50 age group. All 3 participants were female.

The biggest percentage by age of hosts of 40% belongs to the age group from 31-35 years old (2 participants), followed by proportional 20% from the following age groups: 25-30 years old, 36-40 years old, and 46-50 years old, where each had 1 participant representative. From 5 participants only 1 was male.

Regarding the employment type, there are no retired participants in this survey, while most hosts have their main income from Airbnb rentals, 3 other hosts are also professionally involved in other industries where they are earning income. The average years of research and real-estate experience are 12 years, while the average years of rent for hosts is 3,08 years. In Soča Valley 2 host participants were renting out their properties,

while 1 participant rented in Ljubljana, 1 in Komenda and Polhov Gradec, and one in Bled. From 5 participants, only 1 rented a single property, while others rented from 2-4 properties. All of them were renting whole properties, with one also renting a partial part of their own house. For the experts, their research and business involve the whole country. 1 expert has several active properties that they are running as intermediaries to the Airbnb hosts.

Table 4 shows the number and type of properties and if they are rented partially or in full.

Table 4: Statistical structure of renting properties in numbers, types, and the partial or whole rental

Number of renting properties	Type of property rented	Part or whole rental
2	House & attic	Both
1	Apartment	Whole
1	Unknown	Whole
4	1 house & 3 apartments in another house	Whole
2	Apartment and cottage	Whole
10	Apartments	Whole

Source: Own work.

3.4. Data analysis methods

The data used in this master thesis was firstly transcribed and later determined with thematic analysis. Thematic analysis is a method data approach used to analyze, interpret and show various qualitative data sets (Braun & Clarke, 2006). The thematic analysis method is often used in qualitative research studies. Below are the thematic analysis results including the most important quotes that stood out in the research study.

4. FINDINGS AND ANALYSIS

This chapter focuses on presenting and interpreting the results of qualitative research that was collected from 3 industry experts and 5 Airbnb hosts. In total 8 interviews were conducted online through the Zoom platform and/or email, from participants across Slovenia. The outcome of the research is divided into 10 subheadings and themes, where the first are experts, followed by hosts. The results of the interviews are thematically separated by participant groups: experts and hosts, and in the final subheading of this chapter brief overview of the main findings from both participant groups is presented.

4.1. Experts' opinions on the housing market & Airbnb in Slovenia before and during Covid-19

One of the first and main questions to experts was to describe the general housing and Airbnb situation before Covid-19 in Slovenia. Expert #1 argues that Airbnb harmed student accommodation, especially in Ljubljana due to being a university city. Before the crisis, students could find accommodation from the faculty's portal that directly advertised renting properties, and according to the expert, these capacities were very low at 20%, which created enormous problems for students when finding accommodation. Many were forced to find short-term (from 1 week, to up to several months) accommodation before they were able to find an appropriate place to live during their studies. This argument goes in favor of the research of previous chapters - before the crisis there was a big negative impact on the quality and price of the student accommodation offered in Slovenia, and especially Ljubljana.

Expert #2 was a real-estate agent who had their apartments and was also renting other people's apartments as they served as an intermediary. These, other people's apartments were called serviced apartments and expert #2 was providing a 100% service as an intermediary. The owners did not have to do anything when they gave their apartments to the agency. They paid some fees but were also earning profit as the agency rented them. Their full statement is below:

"Before Covid-19, it was really good business to rent the properties on Airbnb... What I did was even before I started long-term renting the properties, I did the combination of what was best for the property. So even before Covid-19, if the property was not giving me enough outcome, I rented it for long-term."

Expert #3 said that from 2013-2019, just before Covid-19 tourism was booming. Many tourists were coming to Slovenia, and places like Ljubljana, Bled, Bohinj, Soča Valley, Piran, were the most popular tourist destinations. They continued explaining that this was great, but since there was a lack of hotel accommodation and the lack of building new ones, people started switching their properties to tourism, by renting them out. However,

this growth was not transferred to the hotels, but to the private sector, which harms both the economy as a whole and the real estate market for a living. Their statement is below:

“They were not renting the rooms. They were offering the properties, apartments, part of the houses, mainly apartments for short-term renting. So basically this was in a way okay, because the hotels could not be built in this short period. On the other hand, it impacted the real estate market, specifically in the places which were very attractive for tourists like Ljubljana, Bled, Soča valley, Piran on the coast. Basically, in a way, it had quite a significant effect on the real estate market because it raised the price of real estate. And there were a lot of complaints also from the people living in that part of the buildings that the tourists are bothering them because you don't know who is going to sleep next to your apartment. And people were not happy about it... So, this growth that we saw was not transferred to the hotels, but the private accommodation and the service.”

4.1.1. Experts' opinions & practices on the housing market & Airbnb in Slovenia during Covid-19

Expert #1 argues that many dwellings were transformed into short-term rentals, and when the crisis came there was no place for foreign students since the domestic students could not find affordable accommodation. Thus almost all of the places in dormitories went by right to the first. While expert #2 who rented them and other people accommodation added that during the crisis their business went down to almost 90%, but luckily for them even before the crisis they have switched to long-term rentals, so when the crisis came they were not hurt by it completely.

On my question whether the rent picked up in the summer period of 2020, or if it stayed the same, expert #2 answered that they were not sure, since they rented almost everything on a long-term basis and they only prolonged the contracts of the ones that were expiring. Meaning they did not have any new tenants, so the rents stayed the same. And a few apartments that were on the Airbnb platform to rent, did not pay as much as they should in the summer of 2020 (around 30% of the apartments were not as profitable as the expert expected them to be). In this interview I was curious to see if the trend of selling apartments also happened to this expert – whether they sold their own or someone else's apartment, they answered the following:

“Yes, I sold one client's apartment. The apartment was not like a hundred percent for Covid-19 reason, there were other things. Also, there were two other apartments where the owners decided to rent the properties on their own. They didn't sell it, but they just couldn't afford to use my services anymore.”

4.1.2. Experts' opinions on gentrification

From the experts' perspective, experts #1 and #3 consider gentrification partially normal market response, because it shows that the market is working, while expert #2 sees it as an opportunity to earn more profit. Their statements are below:

Expert #1: *“Well, gentrification, it's natural. I mean, it's a market response. It's a natural occurrence because the market works. However, if the gentrification happens in terms of, you know, Airbnb ghettos, this is a headache. Because, if you want to have live city centers, you have to have residential people who live there because they are it. I mean, there was a big issue a decade or two decades ago with the revitalization of city centers. Why? Because the residential population went to all the cities that were more or less commercial or touristic. And this means that when the busiest part of the day is over, the city dies. If the city dies, also the criminal comes in because it's empty. So if you want to have a live dynamic city center, you have to have permanent residents there because they act as guardians of the city. They give a sort of stability to the city center. So having just Airbnb it's not good, because it's the problem of these guardians who care about the infrastructure and everything, who give initiatives, who build the social capital of the certain area. So these are Airbnb's gentrification, which is a real problem. And this means, you know, for example, for public transport and everything when there is a peak in tourist season, you have people, then it's empty and it's empty also for the residents of the city itself. So it becomes unattractive. It's like walking through the empty Disneyland. So and the city or the areas, they cannot live only on tourism because it's like an abandoned industrial place for a large part of the year.”*

Expert #2: *“Yes, we had this problem in 2019, and also at the end of 2018. We had this problem because all the apartments were actually in short term and there were no long term places, there were no available places for the long term and the price for rents was high. This is when I rented my apartment for a high price.”*

Expert #3: *“Yes, but this is OK. It's not just because of tourism. You know, I think that actually, the city should be having proper accommodation, student dormitories for the students. There was a lot of talk about how students now cannot find an apartment because the apartments are rented to tourists. But you have another policy that should enable students to have enough student places to get it. We cannot say that it did not impact the real estate market. It did. And I think at the end of the day, due to the circular economy, it's not even that bad because you have that space that has to be used for something, so good for the tourist that comes there. I don't think it's a wrong purpose, per se, but it has to be smartly managed. And, you know, you have to kind of find a balance, which is not easy. Many cities reached the point when the residents start hating tourism because of the platform that there was a tipping point because this is significantly impacting on your quality of life. So the crowd plus Airbnb, they would say, no. I am just saying it's a sharing economy. So basically you have to have an active policy towards it.*

In terms of circular economy, in terms of tourism, you don't build a new hotel which is not necessary while you have space. And the people who are renting it, they have the economic benefits. So there are also economic benefits for the local population out of the tourism. So it's a great, great idea. It just needs to be better regulated, I would say, to be efficient."

4.1.3. Experts' opinions on market regulation

When asked about how they felt about and how they would regulate Airbnb in Slovenia, experts answered the following:

Expert #1: *"We have to regulate it, but a little bit. There is no will from the government. They are trying to do something, but nobody wants to do what the other cities did. We support Airbnb as long as this is part of the sharing economy. So if you live there, no problem. But if Airbnb is a 100 percent dedicated asset to just renting, it's limited to either 60 days per year or something like that. You have to give back. You have to pay tax. There is a high penalty... To regulate the conditions on which you are allowed to have rent for your flat into Airbnb and the other owners of this building, they have to agree on it. But what is happening at the moment is that, for example, there was a project, a newly built project that they sold they were selling on the condition that you have to sign and when you sign a contract to buy this you agree that other places will go for Airbnb. So upfront, you have to agree that the places will be also for Airbnb. So the ministry for the environment is trying to regulate just multi-dwelling buildings. But this does not mean that you know, if I have a house, I'm not able to still have Airbnb as much as I please. And there is still a huge part of the housing market exposed to this activity, which is I would say a tremendous to housing and detrimental to tourism. It's detrimental to hotels that are so regulated they have to stick to standards and Airbnb doesn't have to stick to any standards. So in the hotel, you have to have, sprinklers, fire alarms... Everything has to be taken care of. And in a flat, it's as you please. So Airbnb is for the housing part, how the Housing Ministry is regulating and they say that it's the Ministry of Tourism that has to regulate it because it's part of tourism. They have to. And the Ministry of Tourism has no real will to regulate anything."*

When I commented to expert #1 that also tourists do not invest in the local areas unlike local people or residents of those areas, and they often do not pay tax, the expert agreed and added:

"And even more so. Right. They often don't pay a tourist tax because a lot of this is unregulated. So they don't give anything back to the city, because if we have hotels, they are high-density tourism. And they pay back. And Airbnb hardly pays anything back because it's also the problem, especially here in Slovenia that a lot of it is unregulated, untaxed. It's possible to pay just four percent of your revenue, which is nothing. They avoid tourist tax so they don't give a lot back."

Expert #2: *“It's not so regulated yet. This is like a gray area. The way that is now, it's OK for me, but they are planning to regulate it more, which I believe it will get worse for us. They would like to cancel Airbnb as much as possible in Slovenia.”*

On my question, if they think the government will succeed or the market would prevail, they answered the following: *“I am not sure they are going to succeed on the scale that they would like to, but they will... Yes, they will succeed a little bit. We are going to survive. Just it will be harder for us, I believe.”*

Expert #3: *“Some of the cities, Amsterdam, Vienna, they had residential parts and in residential parts, you could not have Airbnb. But I don't think this in actual practice should be like that. You cannot divide the city between tourists and city residents. The city should be for both. So, I don't think this is the right strategy to kind of divide them into the areas. So basically, from what I have seen in Ljubljana, they were having special properties which were built only for Airbnb. So as an investor, you could buy an apartment there and everyone else was having the same apartments and you could then rent it. I found this pretty much cool because it does not bother the other residents. So to start regulating it again, you have to register them. If they're not registered and you cannot inspect them. It's really hard to do. So basically it's not so easy to kind of control them. So I would think at the beginning, the smartest thing would be to kind of enable them that they all register. It's a simple process to ask, and not to ask them to have permission from all of the neighbors, because they will not have it but they will still be doing it. So basically try to make it livable so that they can register. Once when they register, work with them, talk with them, work with them to make this to be part of your also tourism development strategy. So I think that would be the smartest way how to approach it. Unfortunately, many governments don't look at it this way.”*

4.1.4. Experts' industry expectations and some recommendations

In this final part of the interview, both groups of participants were asked questions regarding their field of interest, that included topics about their plans for after Covid-19, industry predictions, if they will return to Airbnb (if they switched to long-term during the pandemic), and if there were anything they would like to improve regarding the housing and renting market in Slovenia.

In terms of the predictions and the general market overview with some recommendations, both from the real-estate and tourism perspective, the experts expressed their opinions below:

Expert #1: *“No need to invent hot water because what Berlin and Amsterdam did, it's not good enough. They have to limit the number of days you are allowed to do it. You have to. You have to, and so that you limit short-term rentals. You have to put it on the same level as all the traditional tourist capacities are, so if you are renting out apartments on*

a tourism basis, you have to have all the regulations, categorizations, and things like that. That is needed. So also, if you do it with your flat, you have to have all the rights. So either you are fully regulated, and you can do it, or if it's a shared economy, it's limited to what a shared economy should be about and not leave everything open."

Expert #2: *"I think that like more than half, like maybe seventy-five percent will go back to Airbnb... I know there's quite a lot of Airbnb owners who sold their apartments, but they sold it to the ones that will rent Airbnb."*

When I asked expert #2 how they felt about the Slovenian housing market in the terms of renting and if there was anything they would like to improve, they answered the following:

"Like Airbnb, the housing market in Slovenia is very primitive. I am a professional. I work for money to earn, to get income, to earn for me and my owners, for my hosts. But a lot of people in Slovenia, are not professional at all. It was that the owners of the apartments, the host of the apartments, sold it for really too low a price. They rented it for coffee in the morning. I mean, like, really cheap. So this is like really bad issue, but I believe that this will, because of Covid-19, change because these kinds of people now either sold the apartments or they decided to have long-term rent."

On the question, if they would like to improve something, they said that they believe that Covid-19 already improved the situation and that the market will change. More specifically the way of travel will change more to leisure tourism, so there will be no rush as it was before Covid-19 and people will be more relaxed.

Expert #3: *"The tourism industry is going to resume going down, but it's not out. It will need time to recover. Specifically, city tourism. Short-term rentals are recovering much faster than hotels because the people are finding them safer because you are not having too many interactions with other people. So in the last year, they recorded a much lower drop than the hotels. So the business tourism is going to recover much slower than leisure tourism. And we are looking for data recovery. We may talk about 2023, 2024, very realistically for tourism to recover. Trends are also showing that city tourism is going down. And because tourism is quite dependent on business tourism, and there was also leisure short city breaks, but mainly a significant part was the business tourism. And the cities are also a crowded destination. So last year, the rural destination had a significantly higher occupancy rate than the city destinations. And this will continue. You were experiencing over-tourism in certain rural areas. They do not have a capacity and infrastructure. The people were going there because the tourism demand is so different. It's domestic and regional. So basically for the next couple of years, this year is going to be pretty much similar to the last one. Then we have recovery probably coming for the city tourism 2023 -2024."*

4.2. Hosts' opinions on the housing market & Airbnb in Slovenia before and during Covid-19

The longest participant has been active on the platform since 2015 and the participant who spent the shortest time on the platform, less than a year (circa started being active since summer 2020) - thus the period before the Covid-19 crisis is considered from 2015 - February 2020. The host participants were in the private sector of tourism, where every one of them offered a unique service and hospitality, which was based on their expertise and limitations of what they and their properties could offer. All of the host participants said they rented the whole property. For some of them, they had for example one apartment, but several rooms which were available to the guests who currently resided in the apartment. They did not need to use the rest of the property, so it was willingly given to guests' disposal.

In describing their Airbnb renting situation before Covid-19, 3 out of 5 hosts said that they had profitable outcomes with Airbnb renting, especially during summer. Others had a weekend cottage or house which too was rented as a whole. The other 2 hosts were not able to fully answer the question on the situation before Covid-19 since one of them started offering their property on Airbnb in February 2020, and the other was forced to switch to short-term renting due to newly imposed government regulations (this is explained in 4.3. of this chapter).

Some of the hosts' statements are below:

Host #1: *"The demand was high, and we mostly rented it to big groups of people for 1-2 weeks in the warm period of the year."*

Host #4: *"So, we used to rent out our house. We've changed rentals several times. We rented out our house for three or four years. And then when we built the tiny house in our yard, and we switched to that. So, we rented that one out for I guess 3 years before Corona. We were very satisfied with the number of bookings we had for the time that we were open. We were probably in the summer full, June, July, August, and September we were 90-95% full, and April, May, and June we were maybe between 50-75% full. And that's all that we were open to."*

Host #5 also said the renting situation was great before the crisis, but that the market saturation was evident from 2018. They are the only host who is renting in Ljubljana (others are renting in more natural resource-based regions), which can make more sense that they are talking about the market saturation since the fiercest competition and the densest tourist attraction is still Ljubljana. So, naturally more tourists are coming to the capital, and thus local and business people see the opportunity in renting on a short-term basis more, which can lead to more competition. It can also lead to excessive supply, but as the research of the previous chapters showed, the market was still growing and every year there was more demand that outgrew supply, so the competition (in terms of supply)

was growing, but also the prices were raising for both short and long term rentals, due to the increased demand. The host's statement is below:

“Oh, it was amazing! In terms of tourists. It was on the highest possible level. There were so many tourists in Ljubljana. Ljubljana was very interesting, and I think business was going well. Like the properties, they were just growing and growing. There was more and more competition. So, like 2018 there was a bit of saturation already, but still, it was enough for everyone. Yeah, it was great. I think the market was great too.”

In terms of how many bookings per month they had and for how many days on average guests booked, answers varied between 2-4 weeks a month, and from 1 booking for two weeks to many bookings that stayed from one to several nights which filled out the whole renting month. To all the host participants the busiest time of the year was summer, where all of them rented out their properties. Due to high winter expenses some of them choose not to rent it during the winter, while others were empty due to the naturally low season. Only the host participant in Ljubljana rented the property the whole year, where the slowest months were November and March, but due to New Year's holidays, December was full.

The last question of this theme referred to the nationality of the guests. All of the hosts had foreign tourists as guests, while some only had them (due to partially being more expensive, and due to the location's attractiveness Slovenes did not want to spend a full vacation there, only a couple of nights, but the prices of host's properties were more expensive than some other alternatives, so these hosts did not have many domestic tourists). The majority of foreign guests to all the hosts were from Germany, Italy, Austria, Netherlands, Croatia, and Belgium. Only the host from Ljubljana had some Asian guests, but not that many. It is easy to conclude that, at least to host participants if not in general, the majority of tourists come to Slovenia from neighboring countries, the rest of Europe, a bit from Asia, and very little from the Americas or Africa. This also goes in favor that Slovenia, before the crisis, did attract many international tourists. Some of the statements regarding this question are below:

Host #4: *“Typically, we had Germans, Belgians, and people from the Netherlands. Occasionally we had Americans because they love tiny houses, and that's probably it. We've only had Slovenes maybe three times in three years. Yeah, I think we're overpriced for Slovenes.”*

4.2.1. Hosts' opinions & practices on the housing market & Airbnb in Slovenia during Covid-19

The host participants were asked how they dealt with the novel situation, what happened to their property bookings, did they return deposits for canceled bookings, whether they switched to long term renting, how much profits they were making during Covid-19, if

they had returnee guests, and what was the nationality of their guests now. The gathered data showed that all the hosts had returned the money to guests, due to different reasons. Some of the statements are below:

Host #1: *“All the bookings were canceled last year (about 12,000 euros). We have returned all the money - It was our decision.”*

Host #4 said that they have already had a full summer booked when the outbreak started, and the cancellations came. However, they considered themselves lucky since, when one cancellation came through the other reservation would come in, so in the end, they were able to save the season, compared to host #1 who lost all of the bookings' profits. They argued (host #4) that they did not have to market their property differently than previous years, nor to motivate guests to book their property. The only thing was that they made sure that guests knew they were Covid-19 free property, meaning that they did not have to meet guests if the guests did not want to.

Host #5 said they did not think the situation would last, so they were not worried that much. They returned the money, expecting that the season would pick up, but it did not. It is interesting, to note that they are the only ones to mention Airbnb's financial support that was offered to hosts after the cancellations started on hitting. Other hosts when asked said they were not offered any support, but they have returned the deposits to the guests, due to their moral standards or due to the belief that they would not receive the money anyway if the guests did not show up for check-in. The host's #5 full statement is below:

“It all started last March 2020, and to be honest, I haven't had many bookings yet because usually my apartment gets booked like in March for summer. So, there were two cancellations, and I returned the money because I didn't care, but I didn't get any support from Airbnb because I think we had to apply for it. And there was a long process, and I didn't do that, but some hosts got helped. But I also had some business on Booking.com and Airbnb, so I had both. But I just returned. I think I didn't think it was a problem (regarding Covid-19 threat or not). I thought it's going to be a quick one like maybe March or April and then summer will be again busy, and people will start looking and there will be a lot of tourists. So, I was not very concerned. But then as soon as it started and it was all over Europe and America then I saw, it's going to be like falling so quickly. Then we knew what it was.”

When asked if they had switched from short- to a long-term rental, host #4 continued to have short-term rentals, hosts #1 and #2 did not have any guests, due to one property owner being located abroad so they could not operate the logistical part of renting, and their guests were foreigners themselves so could not enter the country during the restrictions; while the other host did not want to go through much risk since the renting was not the main part of their income. Host #3 did not answer, while host #5 was the only one who switched to long-term renting. It should be noted that host #5 has a property,

more specifically an apartment in Ljubljana, which goes in favor of the multi-use of cities that can be used as tourist destinations, business trips, university towns, and many other functions, and therefore it was easy to convert the use of the property. Some of the statements are below:

Host #5: *“I was very quick, and we did find a new client until September because we wanted to make sure that maybe if Covid-19 would last the whole year, we will get students. So, she came in April, until the end of September. Kind of long-term client, also like how much she paid. But I wanted to have my property occupied. And then we said we will see and then I started with students. But again, it was just one month and then they didn't come anymore. So, yeah, it was very difficult here because you didn't know what will happen. And so, the students were from Slovenia and then they came here one month and then they went back home. I didn't want Erasmus students because I have to know them, and because my apartment is very good in terms of its small, it is 50 square meters, but it has four different rooms. So, in each room before when I had Airbnb, I had one person – one room, one other person, one room, and a double room in one room. So, four people. But now I had four rooms and a shared kitchen. So, four students can come, and the kitchen is empty. So, they still are in the apartment.”*

When I told host #4 that there were around 70% fewer foreign tourists in Slovenia in 2020, they said that they heard it as well and were shocked and puzzled that still, they got all the foreign tourists in the summer of 2020. Their full statement is below:

“I heard that. And that's what I was blown away by. I think we're just really lucky that we have a Covid-19 friendly property and that it's a completely isolated property. But still within it's very short to get to the village or around. I think it's just exactly what people were looking for to escape to nature.”

When I asked host #5 if they planned to switch to Airbnb again this year, they said they were not sure, since the situation is still uncertain. In this retrospect when I spoke to my interviewee, I mentioned how the situation has switched for those hosts who are in cities to those who are in more nature-covered parts of the country (national parks, mountains, seaside...). They have agreed and added that before Covid-19, hosts in the cities would be occupied for the whole year, while those located outside the cities would depend more on the season (summer/winter).

None of the host participants had returnee guests in 2020 nor did they operate with the government vouchers that were being offered to citizens as a way to help boost domestic tourism and economy. The ones who rented out got new tourists that were mainly from Austria, Germany, and the Netherlands, with a couple of them from Slovenia. The full host's statement is below:

Host #4: *“So, we didn't take the vouchers last year and so we had 2 Slovenes and those were two of the three that we've had in the three years. But other than that, last year we*

had almost entirely Austrians and Germans and I think one couple from the Netherlands. And then one couple from Slovenia.”

Host #1: *“I don’t think that pandemic is finished, and that many people will be visiting Slovenia this year, but we have one booking this summer. I believe the guests are from the Check Republic.”*

Host #2: *“Some of the guests, who reserved the stay before the outbreak, postponed the stay to this summer. But also, many of them, who needed to cancel their stay, replied that they will reserve again as soon as it will be allowed. We’ll see...New reservations were made from same nationalities as before – mostly Austrian and German.”*

4.2.2. Hosts’ opinions on gentrification

Regarding hosts’ opinions on gentrification issues that Airbnb is causing some hosts do see it as a problem, or that the market was saturated, while the rest does not feel that they or their properties are improving gentrification issues, and thus did not comment on this. These hosts do have their properties in villages that are not populated and during the season they are almost the only ones who are renting out, so naturally, they do not see it as a potential problem for gentrification. The statements are below:

Host #3: *“I have a farmer family living as my neighbor. They only get noise from the neighbor's apartment that rents out to tourists. The old farmer couple cannot get food supply in the supermarket in the summertime, because the shelves in the supermarkets are empty. They cannot sleep early because the tourists are drinking and chatting not far from their window. They cannot keep their farm clean, because some hikers are throwing garbage in their fields. Their grandson who helps them and does a lot of work in the field, cannot find an apartment for his young family to live in, they had to renovate their stable and to squeeze in there.”*

One of the hosts, due to being a former researcher in housing and regeneration said that they built their Airbnb business and are planning on expanding it while also looking to not take other people’s homes. Their answer is below:

Host #4: *“I see that. And I think for us the properties that we rent wouldn't be homes anyway, so they would never be suitable to live in year-round anyway. And that's what we're also trying to focus on because we don't want to take homes away from people because we lived in London before we came here, and Airbnb was huge there. And then Covid-19 came, it's like destroyed people's lives because they were making so much money on Airbnb and then they lost everything. They couldn't pay mortgages and things like this, and then they couldn't rent for anything.”*

Host #5: *“I think the market should open more in terms of accepting people to have apartments also on short term rentals, not only long term. Now, I think it's not that more saturated. I think people stopped and many people got out of it. So, I think now when it starts, it's going to be better. But, yeah, you don't know what the prices of the rents will be. And we will have to see because now what happened is a lot of apartments went back to long-term renting and therefore the prices dropped. So, I think a lot of them will maybe come back again because the prices went down because of too many options and it will slowly build-up, but it will take some time.”*

This research also showed how much of impact gentrification has on people's lives, and how much did the pandemic affect their incomes in the sense that some people did struggle financially since they lost their main income from Airbnb and other renting platforms. It also showed that for many of these hosts gentrification is usually overlooked, which can lead to (if not already) to the tragedy of the commons – where people are better off not to look at what everyone else is doing since by copying it they are worse off for themselves and the community. At least, in this case, it can be concluded that the community is worse off by the majority of them renting on a short-term basis, while not for everyone but some (depending on the location) it can also lead to market saturation, where the hosts do not earn as much profit as they should. For this problem, the consciousness of the owners of such properties should rise, to not only minimize the effect of gentrification and saturation but also improve their income from renting.

4.2.3. Hosts' opinions on market regulation, taxes & potential problems with neighbors

In the first question for hosts regarding paying taxes and whether they had legal problems over it, one of the hosts said they did not pay the taxes and they did not have any problems with the government for it. All other hosts said they paid taxes. For some in the beginning the paperwork was complicated, but once they understood how it functioned it became easier to do it. Some were motivated to do it because of the social care benefits, others felt more secure, while others saw it as the right thing to do. Some of the hosts' statements are below:

Host #2: *“Yes, we need to pay the taxes to the government, need to report each guest to the tourist office and pay the tourist taxes. Now, that we got used to it, is quite ok – but in the beginning – to arrange all the documents that you can legally rent out the place and to figure out, which all procedures you need to fill out regularly, that you are not in violation – it was very complicated and could believe, that it's the reason, that many of people (especially older ones) because of that rather don't rent out places.”*

Host #3 explained the taxes that were on the long-term rentals and were changed which made them switch to short-term renting: *“I remembered before was like 40% of the total income are considered as a cost, then the rest 60% considered as profit, so I pay 20% tax*

on this 60%. Which means I pay 12% on the gross income. The new regulation is 10% considered as cost, 90% taxable, and 27.5% tax on the profit, which means I end up paying 25% on the gross income.”

Host #5: *“Yeah. Yeah, of course. I had opened the company, and everything was paid for. It was no problem. It was very easy, very straightforward.”* When asked if they feared that the government could catch them, they answered: *“No, not because of the catching. No, because of me. I didn't want to have a gap in my career. So, I opened a self-employed company and I just wanted to have everything clear and transparent, the pension funds and social care.”*

Regarding the neighborhood and whether they ever complained to the guests or the hosts participants, 4 of them said they had no problems whatsoever. The fact that 3 of the hosts had their properties in the village and further from their neighbors' houses, while the host in Ljubljana had a separate entrance to the building, could help explain why they did not have any problems, plus the fact that they did approach to Airbnb renting with a high professional note and did explain the rules to their guests. However, one host did discuss that the neighbors complained, however, their answer intertwines both to the gentrification issues of the sharing platforms and the actual problem that was caused to the neighbors. Many of these hosts say that the actual problem they have with their neighbors is not because of the tourists that come to their local areas, but because of the envy that they are more successful than the rest of the residents. The full statements are below:

Host #2: *“We are lucky that our property has no neighbors within a radius of at least 200m. So, there were no problems with that. The closest neighbor was even willing to help us with cleaning the house after the check-outs. But of course, we have heard many times that in general people in this small village would rather see, that there are as few tourists as it gets.”*

Host #4: *“So we are at the edge of a village, which is helpful. And then, ah, there's only one other house that's directly next to us. And she also does holiday rentals. So, we were in the same position. So, it's fine. We live in our house. She lives in another village not far away. But we completely understand each other situation. So that's great. But even when our guests get lost, finding us, which happens frequently, they run into whoever in the village and everyone is very, very nice to them. So, no, we've had no issues with people being upset with our guests or with us. So, we've been very lucky with that. I think they're indifferent. I think it's if anything, how can I say this? There is a desire to do what we do, and I think there may be a little resentment because we are not Slovene and we came here and we did this, but the house that we bought was empty for a long time and available to buy for a long time. So, we don't feel so bad. But I think that we've been, we're recognized as running a successful rental. And I think there's some resentment because of that. But I*

don't think they mind that we had those guests in the village. It's more who has those guests."

Host #5: "To be honest, I have a very, very positive experience. Maybe that was the first week we had something, but it was so easily solved. They rang the wrong bell, and it was the neighbors'. And then we gave straight signal signs and, yeah, really nothing. They got used to it. So really no issues. If you come with a nice approach and if you have House rules, they mainly 99%, they will follow it... Maybe the older generation has problems with this kind of experience. But I noticed that with the younger they even like it. As long as they follow the rules, it's exciting as well to, you know, to see different people to exchange. I think the social aspect is very good in these terms. I met nice people, was invited to different countries to come and visit them. And I think we have to be more open. It's becoming more global."

4.2.4. Hosts' industry expectations and some recommendations on regulation

In chapter 2 of this thesis, I have mentioned that some of the Airbnb hosts are waiting for the crisis to be over to return to Airbnb. In respect to this, all the host participants said they would be returning to short-term renting, and that are just waiting for better times. One of the most important reasons for returning to short-term renting is the possibility for higher profits that Airbnb and similar-like platforms provide. Compared to long-term renting, where the monthly income is fixed and usually increases by every new contract. Some of the statements are below:

Host #1: "I'm not considering a long-term rent anyway. So, we are waiting for international travelers to return."

Host #2: "Yes, we will stick to Airbnb as it allows us to be flexible in terms of broadcasting dates of renting out, and because we enjoy sharing our "nest" with people who come on relaxing vacation and appreciate all the qualities that such a wooden house has to offer."

Host #4 has the plan of even bigger expansions and is looking for the best way to conquer the crisis. They are planning on building a tiny house this year, one of several that they have planned. It is something that would be even stronger than what they have now, in terms of Covid-19 friendly properties and the popularity of those:

"We want to expand and build more. We want to develop more... So, we have registered tiny house "Slovenia" in Slovenia. So, it's a trademarked term now. And we work with a friend. He has a tiny house as well. And we want to do more tiny houses. The attic apartment is just because we already had the asset but don't know if that will work under the Covid-19 situation. We know that the tiny houses work because they are isolated. I know there was a big fall in rentals for apartments around. So, we've tried to make our apartment as unique as possible. But I still don't know if that's going to be strong enough

to overcome the current situation. But we know that the tiny houses work, so we will do that as much as we can and as soon as we can.”

It is interesting that, as was mentioned before in the thesis - in some Airbnb cities, they do not allow more than one property per owner to be listed on the platform, and when I asked host #4 if they knew anything about this, they said they never heard of it, and do not see it as a problem. The situation is different in Slovenia, compared to some other countries, regarding this regulation, otherwise, it would be widely known. Also, the participant said that they will market tiny houses on their website too and are learning how to navigate and market their business and increase the traffic to it. They also said that Airbnb in terms of providing security from the owner’s side is a great thing compared to the percentage they are paying to be on the platform (3%).

For host #5 the situation is the same as for the first two hosts. They said they are planning to return to Airbnb as soon as possible when there are no restrictions, and the country is open. This host, unlike the first two, is renting on a long-term basis. They also said that they are planning to expand their Airbnb business, but only once the situation over Covid-19 is resolved or the market is “good again”. What is interesting about this host is that they are the only ones to mention vaccination and see it as a positive mark that the market should go back to “normal” soon. Their full statement is below:

“I’m waiting for the country to be open and to have no strict restrictions, the meaning of entry into the country, exiting the country. Because the country will be more open, and people would get vaccinated and so on. I think tourists will start to get the confidence and they will; start coming again. Now it’s very difficult to come, and people are scared... I would expand when the market would be good again.”

When asked how they felt about the Slovenian housing market, answers varied from host to host. Depending on their business situation, they provided very insightful and different than one another’s opinion that is presented below:

Host #1: *“You need to register each guest when they arrive and pay taxes for each of them each night they stay - it requires quite a bit of administration. I believe, it can be simplified a lot.”*

Host #2: *“I think that the housing market in Slovenia (but also in general) is in a really hard situation – there is a lack of regulations, which would define the percentage of places in the city center that are allowed to be rented out for tourist purposes. Due to the profitability of tourism, a long-term rental is being supplanted, and monthly rents are dangerously rising. The right percentage between residents and tourists needs to be established. The problem has manifested itself in such situations as the COVID-19, where you can see that the city center apartments are empty, but citizens cannot afford them to rent. Hopefully, the government will do something about it...”*

Host #3: *“Do we have enough houses for our residents? Yes and no. We have more square meters per habitant compared to most EU countries. But are we using them wisely? No. So many old houses are empty all year round or at least most of the year. Can we do something? Tax on real estate is relatively low, should we increase tax at least on the second house that people own? Is that way to solve the problem? I don't know which problem we want to tackle. If Slovenia as a country would like to develop tourism as the sole economy, then we need to reconstruct the whole plan. Build more hotels or big villas with big capacity, reduce the number of “Sobadajalec”, so it is more efficient. Do we have enough land to do so? Can we attract enough visitors? Is that what we want? If that is not possible, and Slovenia would like to develop as an industrial country, then we should plan that it is easier and cheaper for young families to stay, invest in infrastructures as blocks, hospitals, schools. If Slovenia would like to develop as Switzerland, financial and tourism, then reconsider our policy on tax, currency, foreign capital, etc”*

Host #4 expressed their opinion that tackled many issues they would like to see changed, such as easier and more centralized access to information, with clear rules offered in English, more openness to innovation. Some of their statements are below:

“With Airbnb, I think because of the legislation is different in each area so, that makes it very difficult to find out information. We work with a friend in our tiny house and unfortunately, everything falls on him to know what the rules and regulations are, which isn't fair. But I wish there was an easier way to find out. It's not too hard to find out how to rent a property, but what types of properties can be rented and all of the legality around rentals. I wish that was a very central resource... But, yeah, it would be very helpful if we could just lookup. Can you do this? Can you not do this? And it's almost impossible to do. And even if you go to Enota even they're not clear and there it's almost like they want you to figure it out and tell them. It's not our job. So that's from the Airbnb rental site. That's the biggest change I would like to see. And in our particular region, more openness to innovation, which is not happening at all. But maybe from the national level, it will, because there's so much creativity that could be done, especially in an area like this where it's and I understand they want to protect the environment and protection is a huge element and it must be protected or else we lose the rentals anyway. But there's a way to innovate and protect, and I wish they would be more open to that.”

To my comment on innovation and protection of the environment and having a successful business and being sustainable, they added further:

“I think recognizing that just because somebody is renting to tourists doesn't mean that you violate a different rule. Or I think there's a big push now to bring. Rural areas bring more tourists to rural areas in Europe generally. And I think Slovenia is kind of trying to do that, but maybe I may not know all the information either. I could be completely wrong on this, but. Not being able to rent or to build, having limitations on what you can do on

agricultural land or forest land, I think forest land and agricultural land have huge potential to bring people. And if you, do it in the right way, if you do it responsibly, but here is pretty much prohibited if in our area at least you can't do anything. There are always ways you can respect that and still bring tourists and, in a moment, not build a 30-unit hotel, but individual tiny houses and not just for ourselves, but something more integrated into nature and respectful of nature. And I guess it's really hard to legislate for individual properties and things like that, but I think as long as people are building in a way that is respectful and not damaging to the environment, that helps protect the environment, if nothing else, in educating people on how to live. I think for our friend who has a tiny house, he has no electricity and no water. But it's a beautiful, beautiful house. And he is fine because it's so small and it was built before new legislation in our area. But something like that, it brings people and it teaches people what they can live without and also limitations of resources because it provides a certain amount of drinking water. And once that's out, you're out of water. And that's what I think, it just teaches you that you don't need as much as you think. And even our tiny house is fully functional. It's just a miniature house, but it shows people how little you need. You may want more, but it shows you how to simplify your life. And I think, yeah, there are so many things that can be learned from. The proper tourism in an environment like the Soca valley, that it's such a beautiful natural habitat that you can teach people about how to respect it by building within it.”

Since the host was a serious business professional who wanted to expand more their business on Airbnb, I asked them about their motives for following so strictly the rules. Their answer is below:

“I think there are several things. One, the friend that we work with who is Slovene is very rule-focused. So that's that planted the seed. But a few years ago here, there was a huge crackdown on illegal rentals and people not following the rules specifically. And they got fined for like three and four thousand euros for one violation. So that was huge. And also, if we don't follow the rules well enough, we would very quickly be called out. We want to have more. And if we just had this one, we're fine. But the more we do and the more frequent we want to make sure we're doing everything as clean as possible. So there's a fear element and then there's a neighbor element and there's a growth element. So, yeah, I think there are for the first one, we didn't care. We were just like, oh, let's just do it. Let's see what happens. And now that we see the success and we want to grow, we want to make sure we're doing things the right way, especially if we're considering buying property to do it if we buy a property and then we can use that to get that investment to make money.”

Host #5: *“I know a lot of folks are complaining about the regulation, about if you have 80 apartments in the whole building that you need to make sure of every one of them to agree. So, I think this should be changed, probably. I think what they want to do is only the people on your apartment's walls. So, your near neighbors should sign to agree on*

this. And I think this is something they should look into because it's a shame that the apartments are empty. But I think they're trying. I think there is a group established now. Well, now everything stopped because of Covid-19, but they were working on getting more people to be happy to start this kind of rent because it's a shame that they do such strict regulations and then people can't do anything about it. And I would just recommend seeing the facts, to see how much problems this is causing and that it's not actually that such a big problem.”

4.3. Brief overview of the main gatherings from experts and hosts

Regarding the market regulation, both experts and hosts agree that there should be some kind of regulation, but they differ in the level of it. Experts place an accent to make Airbnb and other short-term renting platforms more standardized, while hosts would like to have clearer rules on what is allowed and what is not. Some hosts overlook the gentrification and do not see it as a problem caused by them, while 2 experts see it as a normal market response that shows that the market is functioning.

Both participant groups agree that the business on Airbnb and tourism was booming before the pandemic, and that during the pandemic there has been a shift from short to long term rentals. Many chose different paths to operate during the crisis. As already mentioned, few chose not to rent, others kept the same business as before, while only one host switched to long-term rent for their property to be occupied and the asset to be fully utilized. They have turned to rent to domestic students, and not Erasmus students since they wished to know them. Ljubljana is a university town, and many property owners who rent out are divided into the ones who are renting only to domestic students and the ones who are renting to both or only Erasmus students. There is a great profit in renting to Erasmus students since most of them come from more costly-to-live-in-countries and have Erasmus and other scholarships, so they have bigger incomes to spend on more comfortable apartments in Slovenia. This is interesting because a person would think that from switching to long-term rent to students, they would choose an Erasmus student, due to higher profits. But this was not the case, and partially it makes sense due not only to the fact that hosts would not know whom they were letting in their apartment, but also to the fact that there was still Covid-19 and that those foreign students could terminate their renting contract earlier than planned and not be responsible for the remaining of the rent while blaming it on the current situation. In the conclusion, the ones that switched to long-term rental and the ones that chose not to rent, are planning on returning to the Airbnb platform and will have guests this year. Some are from canceled bookings from last year, while others are new.

5. DISCUSSION

In this chapter, the research questions will be answered and the results of the research that were presented in the previous chapter will be discussed. Following, practical and theoretical implications will be discussed, and in the final part of this chapter will be presented limitations and suggestions for future research.

5.1. Summary of main findings

The main objective of the thesis was the analysis of the effect of COVID-19 on the Airbnb and Housing Market in Slovenia.

RQ1. What were the main properties of the Airbnb market in Slovenia before COVID-19?

The main properties, as the research had shown were apartments, houses, small cottages, and tiny houses. The majority of the host participants had a house or small wooden house (cottage), that they rented on the Airbnb platform, while one host and one expert had only apartments to rent. Therefore, the research has shown that the Airbnb housing market is heterogenized.

RQ2. How did COVID-19 affect the Airbnb market in Slovenia?

It affected it in several ways:

1. Less gentrification - there was bigger access to long-term rentals in the cities, and the rents fell so more people could afford to rent out.
2. In more natural parts of the country the leisure tourism continued to exist, and in some parts was very successful.
3. The hypothesis of many people selling apartments is false - the majority either paused the rent or switched to a long-term, while the ones who sold their apartments, sold it mostly to people who will rent it on Airbnb.
4. Prices of the apartments fell at the beginning of the pandemic but soon went up again.

RQ3. What were the dominant strategies undertaken by Airbnb hosts during the crisis?

The research has shown that some of the hosts stopped with the rent, while others continued, and the rest had switched to a long-term rent.

More specifically, from the interview participants, only two hosts stopped renting activities, one continued to have a short-term rental and was very successful even in the

time of the crisis, while one host and one expert had switched to a long-term rent. The expert did have some Airbnb bookings in the summer of 2020 (during the pandemic) but was not satisfied with the outcome. Their main income was coming from long-term rent.

RQ4. Were changes in Airbnb patterns visible in the housing market in Slovenia, and if so, in what way?

They were visible mostly in the sense that there was less gentrification and market saturation in the cities. It was easier to find long-term rentals, especially for students and young professionals that were usually on tight budgets. However, there was a switch in the real estate market that did not have to do anything with Airbnb but it had with the pandemic. Namely, as the first lockdown started people saw the benefits of bigger homes that also had access to gardens. So, for this reason, the popularity of bigger living spaces with balconies or gardens increased, as well as many people started buying those properties.

5.2. Practical and theoretical implications

The findings from the research suggest that Airbnb hosts in Slovenia are satisfied with their renting business, and are planning on returning to the platform once the situation with the pandemic is over (for the ones that paused the rent and the ones that switched to long-term renting). They would like for the regulations to be more clear and specific about the rules, and the access to the information to be made easier and more centralized.

The research has shown that Slovenia before the pandemic was growing in the number of international tourists that came, but also, what is interesting is that even during the pandemic, in the summer of 2020 many international tourists were coming to the mountains to enjoy their vacation in nature. The implication of this is that Slovenia has the potential of becoming the leader in the region with nature tourism, and can offer a vast and diverse service to its tourists. However, the tourist market should be more regulated and categorized for third-party service providers, such as Airbnb property hosts and owners. Like this, everyone can do whatever they please, but if Airbnb becomes officially recognized as a part of the tourism and hospitality industry, then the service these hosts provide will have to be categorized and uniformed. This can be beneficial to the government, because it will be easier to monitor the activities on the platform, collect the taxes and give back to its citizens more benefits that it had reaped from the business. For tourists, they can benefit in terms of what they can expect from the service, give clearer rights, but also the obligations, and the hosts can get better security from the government. What the government should do to improve the current situation is to be more open to changes and to invest in tourism and its natural resources, but at the same time to protect the nature of Slovenia. As the research has shown, not only the tourism sector is impacted by Airbnb, but also the real estate & school sector, housing market (with sensitive price increases due to the market volatility caused by Airbnb and other

factors). Thus, if the government can balance between these conditions, then it will create a stable and secure tourism network, where each player in the industry is gaining, but not at the cost of the other players involved directly or indirectly.

5.3. Limitations and future research

Before studying and presenting the results, the limitations of this research should be mentioned.

The first limitation was that there was no setup age group. The samples came from different age groups, both by age and their experience in the industry. This gave different results that might be different if the samples' age and experience were more homogenized. The second bias was that there were 7 females in the study with only 1 male participant - so the gender should be more balanced because it could give different results.

What was the biggest bias in this research is that the interviews were conducted between May and June 2021, just over 14 months since the start of the pandemic, and where the country still had imposed travel and social distance restrictions. Participants could be affected by the emotional bias and provide answers that, not necessarily were not true, but could be, maybe exaggerated. Another problem is that the real results of what Covid-19 had on the real estate and tourism industry will be fully grasped just after the pandemic is over, and for that research to be conducted and show true results it can pass over a year from the end of the pandemic, and when the world is returned to normality. The reason is that the results during the pandemic and the results after the end of the pandemic should be compared to see the real impact of the Covid-19 on tourism, and thus Airbnb, and the real estate industry, both in Slovenia and worldwide.

The third bias was that the sample was small, so this research cannot be generalized. To get a full grasp and better understating of what was happening, the sample from the hosts should be 50 hosts, all around Slovenia, and they should be divided into categories by what type of property they are renting as well as to what clientele (tourist, business, health...); while for the expert sample should be at least 20 experts, both from the research and the ones that have real-estate agencies and are renting their properties, as well as other owners' properties on Airbnb and other platforms. Both group samples should have at least 5 years of experience so that they could provide their opinion before, during and predictions for after the pandemic.

CONCLUSION

The sharing economy is a paradox - it should be about sharing its resources that are underutilized, but is mostly exploiting this opportunity for a few to earn more profits. The

sharing economy has an influence on many industries and is creditable for transforming it, for example, the hospitality industry where there are many platforms of the sharing economy (booking.com, TripAdvisor, Airbnb), but only one platform was a huge disruptor of the traditional hospitality business - Airbnb. Moreover, many hotel brands are trying to compete with Airbnb, but still are mostly unsuccessful since they cannot cut operating costs, as much as Airbnb can. Hotels have to pay various taxes, while Airbnb and its hosts do not. Also, the hotel industry is regulated, while Airbnb is still not. There were many tries to regulate it, but it was mostly on the national or regional levels, thus the company uses this opportunity to gain huge profits and continues to be successful without giving anything back to their local communities. Brian Chesky, the CEO of the company expressed their wish to be regulated which would mean that they would be recognized. However, they would want to be regulated in terms of their hosts as new micro-entrepreneurs, but that does not mean categorized on the company level. Which could lead that every location - region/country, has its unique categorization for Airbnb hosts. This essentially is not a bad thing, since it could imply that every country makes laws that are needed to improve its tourist or housing situation, but since the trends are constantly changing, then also the laws would need to change regularly and keep pace with the time, which in practice is difficult to obtain.

Some research has shown that before the crisis Airbnb caused a general decline in hotel bookings in some U.S. cities with the largest Airbnb share, which also showed that the hotel wages were smaller, too. During the crisis, Airbnb's business got also disrupted, or in other words - the disruptor got disrupted. The company was forced to change its modus operandi and find ways to cut costs on every corner, while at the same time pausing its growth plans. Some estimates are that due to the pandemic the company earned \$3,4 billion, which is a 30% loss year-on-year, and had 41% fewer bookings in 2020 compared to 2019. However, they did keep up with the current "keep distance" trend and invented many online workshops. Even though less distance travel became more popular, the company has created Online Experiences where people can enjoy various tutorials, classes, and hangouts via Zoom for free or for a fee, which helps some hosts earn a profit, while at the same time helps the company preserve its name and thus the business. It will be interesting to see whether some hotel chains will think of something similar to fight off the crisis and stay on the market.

On a global level which includes Slovenia in some aspects, Airbnb has created benefits to few at the cost of many which are expressed in higher rents, informal tourism, more gentrification, racial & security issues, waste management, and inability to collect tourist and other related taxes. Gentrification has been shown as a big problem in many countries, including Slovenia. Unfortunately, it is hard to get to real numbers and the full impact of the Airbnb business in Slovenia. To many people, this is something that they are aware of, but not many want to research the problem and provide a good solution, including the government. One of the research findings is that Airbnb has created

additional accommodation in Slovenia, especially in more touristic places, as tourism grew. However, this growth was not transferred to the hotels, since their build was slower and more costly. Thus, many people who had the means used this tourism growth opportunity and started offering their places as tourist accommodation. This had a negative impact on gentrification, which was especially evident by students who later on had difficulties in finding affordable and appropriate accommodation. Another finding is that due to the popularity of short-term accommodation, in Ljubljana by 2018 was increased market saturation - since most of the accommodation providings were short-term, which impacted the rental prices for both short and long-term rentals. Regarding regulating Airbnb in Slovenia, both research participant groups agree that there should be some market regulations, but they differ in terms of approaching it. 2 experts are for the newly imposed government regulation to build a new building which upfront buyers would have to sign an agreement for other apartments to be Airbnb, while the third expert argues that the government is trying to regulate it but in turn is harming people who are renting on the platform. For the taxes, only one participant did not pay them, while all the others paid in order to be more secure and get social care benefits. In respect to this, the government should impose stricter control over taxes, since its collection is for the benefit of the whole country and the lack of it is the exploitation of the current opportunity for few over the many, which, as the research has shown creates huge disadvantages to the society. In regards to the tourism and market recovery, both experts and hosts agree that it will take some time for the market to return to normal.

What is evident for Slovenia is that during the pandemic there were 42% fewer tourist overnight stays compared to 2019, mostly due to travel restrictions imposed by the government. Another finding is that the first lockdown has changed the rules of real-estate agencies, which have shifted to online selling, i.e. the buyers could see the properties virtually & not in person. The question one could ask is if this is going to be the future trend even when the pandemic is over? Also, the Slovenian housing market in 2015 showed signs of recovery from the previous economic crisis of 2008, and by 2019 was able to pass the average prices of the real-estate from 2008, while the Covid-19 situation has disrupted the market a bit. However, the Slovenian real estate market was able to recover very soon after the first lockdown and is now dominated by motivated and financially strong buyers.

What this thesis found and can conclude is that during the crisis travel tourism was less successful, and the housing market had its bumps, but it did recover, while tourism did not that much, mostly to the country's imposed travel restrictions. While this had negative effects on the business and profit-making, it did ease up the housing market for long-term rentals, and thus had fewer gentrification problems. However, as the research has shown, the expected outcome is that the majority of Airbnb hosts will return to short-term rentals and on the Airbnb platform. This current switch from short- to long-term rent was caused by the Covid-19 situation, but as it was proven it did not demotivate the hosts to change

their renting business completely. It changed it only to survive the crisis and have their properties utilized. What can be expected is that people will go back to renting on Airbnb, but the travel industry will need some time to recover.

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APPENDICES

Appendix 1: Povzetek (Summary in the Slovene language)

Ekonomija delitve je paradoks - gre za deljenje svojih virov, ki so premalo izkoriščeni, vendar to priložnost večinoma izkorišča za nekaj, da bi pridobili več dobička. Ekonomija souporabe vpliva na številne panoge in je zaslužna za njeno preoblikovanje, na primer na področju gostinstva, kjer obstaja veliko platform ekonomije delitve (booking.com, TripAdvisor, Airbnb), vendar je bila le ena platforma velik moteč tradicionalno gostinstvo - Airbnb. Poleg tega številne hotelske blagovne znamke poskušajo konkurirati Airbnb, vendar so še vedno večinoma neuspešne, saj ne morejo zmanjšati operativnih stroškov, tako kot lahko Airbnb. Hoteli morajo plačevati različne davke, Airbnb in njegovi gostitelji pa ne. Tudi hotelska industrija je urejena, Airbnb pa še vedno ni. Bilo je veliko poskusov, da bi to uredili, vendar je bilo to večinoma na nacionalni ali regionalni ravni, zato podjetje izkorišča to priložnost za pridobivanje velikega dobička in je še naprej uspešno, ne da bi svojim lokalnim skupnostim karkoli vrnilo. V večini mest je Airbnb v zvezi s svojim delovanjem nekaterim ustvaril koristi, drugim pa v družbi pustil velike družbene stroške. Takšni stroški, ki jih je povzročil Airbnb, vključujejo ravnanje z odpadki, višje dolgoročne najemnine, zmanjšano ponudbo dolgoročnih najemnin ter povečano povpraševanje in ponudbo za kratkoročne najemnine, rasno diskriminacijo.

Ta diplomska naloga je raziskala vpliv Covid-19 na nepremičninski trg in Airbnb v Sloveniji. Imela je 3 strokovne in 5 intervjujev z gostitelji, kjer so bili rezultati predstavljeni v četrtem poglavju te naloge. Glavni rezultati so bili, da je Covid-19 spremenil nepremičninski trg v smislu, da so ljudje začeli kupovati večje nepremičnine za bivanje z vrtovi ali balkoni; da so nekateri gostitelji res prešli na dolgoročno najemnino, da so preživeli krizo, njihova stanovanja pa so bila uporabljena, drugi pa so imeli srečo, saj je bila njihova lokacija v bolj naravnih delih države, zato so nepremičnino vodili na Airbnb. uspešen tudi v obdobju Covid-19. Večina udeležencev je izrazila željo po bolj urejenem trgu, saj je raziskava pokazala potrebo po tržnih predpisih za krepitev gospodarstva, zaščito ustreznih panog, kot sta nepremičnine in turizem ter narava. Drugi rezultati raziskave so bili, da je učinek Covid-19 pozitivno vplival na vprašanja gentrifikacije v Sloveniji; Airbnb se je po izbruhu pandemije lahko hitro vrnil na trg tako po vsem svetu kot v Sloveniji, vendar so se cene stanovanjskih trgov zvišale, tako da jih lahko kupijo le resni in finančno stabilni kupci. Zanimivo dejstvo raziskave je pokazalo, da so dolgo priljubljena stanovanja zamenjala svoje mesto s hišami z vrtovi. Dvomesečni zapor je močno vplival na vrsto nepremičnine, ki je zdaj najbolj priljubljena in iskana.

Ker pa ima vsaka raziskava svoje omejitve, ima tudi to. Raziskovalne pristranskosti so podrobno razložene v razdelku Razprava. Priporočilo za prihodnje raziskave je povečati število udeležencev iz obeh skupin in podaljšati trajanje raziskave.

Appendix 2: Interview questions for experts

Topics:

- I. Background on the real estate experience/motivations:
 1. How many years have you been researching the real estate industry?
 2. Do you have any Airbnb or other renting properties?
 3. Do you know the number of real estates that were built since 2017 and how many are being built since 2020? (*This is for properties to live in*).

- II. What is your general opinion on how was the situation on the real estate market before and during the pandemic in terms of renting, selling/buying properties for a living? Which types were bought the most before and during the pandemic? What were the major housing issues before and during COVID 19, and do you think those issues will continue after the pandemic or not?

- III. Government regulations:
 1. What about the government regulations on the real estate market? Will they stay the same or will they change? If yes, how? (*relates to the section 2 questions*).
 2. What about the gentrification issues before and after Covid 19?
 3. What about regulating Airbnb (government opinions, trends...)?

- IV. Industry expectations and some recommendations:
 1. What are your industry predictions for after COVID-19? Do you think people will go back to Airbnb platforms (if they switched from short-term to long-term rentals during the pandemic) or will they keep it long-term?
 2. How do you feel about the Slovenian housing market in terms of renting? Is there anything you would like to improve?

- V. Would you like to add something?

Appendix 3: Interview questions for hosts

Topics:

- I. Background of Airbnb experience/motivations:
 1. How many years have you been renting on Airbnb?
 2. What was your motive for renting on Airbnb instead of long-term rent?
 3. Compare the expenses of Airbnb renting and long-term renting?
 4. How many properties do you have and where?
 5. What type of property do you have (house, apartment...)?

- II. Airbnb before Covid:
 1. Describe your Airbnb renting situation before COVID-19.
 2. Were you renting the whole property or just partial?
 3. How many bookings per month did you have? For how many days on average did you rent out to guests?
 4. What were the busiest months and which ones were the slowest?
 5. What nationality is the majority of your guests?

- III. Effect of Covid on the real estate market and Airbnb:
 1. What happened to your property bookings after the outbreak? Did the company make you return all the deposits from canceled bookings?
 2. How did you operate during the pandemic? Did you shift to long-term rent? If so, are you renting out to students, business professionals, families, or couples? To whom do you rent out now?
 3. What about the income you are earning from the rent now (in comparison to Airbnb)?
 4. What about some returnee guests - did they come/return after the pandemic outbreak?
 5. What nationality are your guests now?

- IV. Government regulations and other potential issues:
 1. Did you have to pay taxes when renting out on Airbnb? Did you have any issues regarding this?
 2. Did your neighbors ever complain about your guests or you? Did you have any small or major issues with the neighbors regarding the Airbnb property?

- V. Industry expectations and some recommendations:
 1. What is your plan after COVID-19? Will you return to renting out on Airbnb or will you continue what you have now (referring to long-term rent)?
 2. How do you feel about the Slovenian housing market in the terms of renting? Is there anything you would like to improve?