

Opposing to a trend that represents the future of tourism



By Mr Yiannis Kotzias, General Manager of Phaedrus Living

It is understood and historically documented that every time a new business trend gains a share of the market from traditional forces, reactions occur and pressure is applied to limit it. This is exactly what we are seeing today with short-term rentals. Those whose business interests are affected present it as the root of all problems in modern society, deliberately ignoring that their claims are neither based on tangible data.

At the same time, they deliberately ignore the benefits that arise from short-term rentals. Some of these benefits include:

- It contributes to the evolution of the country's tourism offering
- It meets the "wants" of the modern tourist
- It creates new jobs
- It supports the development of an ecosystem of related services
- It attracts foreign investment
- It allows locals to increase their income and create small, sustainable businesses, strengthening the local ecosystem
- It contributes to state revenues
- It meets the increased demand in areas where traditional tourist facilities are insufficient

Despite the benefits, some refuse to accept that short-term rental accommodations are not competitors to hotels and should not be viewed as such. This is especially true in Cyprus, where the hotel industry is plagued by the all-inclusive phenomenon, and more quality-oriented customers seek different types of accommodation. Quality tourism does not simply mean spending a lot. It means spending a lot on things that offer added value, based on one's own 'wants.

Another aspect that those who are against of short-term rentals ignore for some reason is the fact that there are now specialized companies, such as Phaedrus Living, which specializes in all stages of short-term rental property management, ensuring the smooth operation of homes or apartments and work to increase the returns on these properties.

In practice, owners/investors do not need to get involved in matters of renting, maintenance, cleaning, and other processes that require time to manage. At the same time, companies like Phaedrus Living is able to ensure that the accommodations have everything tourists look for during their holidays, so they can meet their expectations.

Therefore, the so-called uncontrolled operation of short-term rentals can easily be regulated without the need to impose restrictive provisions, which essentially constitute an intervention in the free market.

Regarding the view that short-term rentals are the main reason for the rise in rents, we believe that this is not supported by solid evidence. In reality, the factors contributing to the increase in rents are numerous and complex. Limiting short-term rentals will not only fail to address the deeper causes of the rising cost of housing but will undoubtedly have significant negative impacts on the broader economy. For example, in areas that economically rely on tourism, property owners often earn significantly more from short-term rentals compared to long-term leases. Limiting this income potential could lead to a decrease in property values, with ripple effects on other sectors, such as the banking sector, where property values play a crucial role in financial stability.

Similarly, this could lead to an increase in Non-Performing Loans if a borrower has reduced income. This chain reaction could destabilize the economy, leading to consequences far more severe than the issues these regulations aim to address.

We live in a modern economy, where the market must self-regulate (based on specific rules and equal treatment) and supply should be determined by demand. It is at the very least tragic to seek to end a practice that hundreds of millions of tourists around the world desire and that, on a local level, generates new revenues of hundreds of millions and creates thousands of new jobs.

Major changes always have a significant impact, but limiting or even eliminating them does not provide a solution; rather, it indicates an economy that cannot or refuses to meet the demands of the modern market.

