

“Sharing” the Mykonian summer: The case of AirBnB

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Abstract

The aim of this paper is to illustrate an overview of the current AirBnB market in the Greek island of Mykonos and its place within the entire hospitality real estate market of the island. Global economy has changed its form and functions several times during the years. Sharing economy or collaborative consumption is a new way of economic activity, which basically refers to goods and services sharing. The change from owning to sharing, the wide use of online social networks and electronic markets and the expansion of mobile devices and electronic services have all contributed to the augmentation of sharing economy. The impact of sharing economy on real estate began on 2008, when AirBnB was founded in San Francisco. Nowadays, sharing economy in real estate is very popular not only in USA but internationally too and AirBnB has become one of the most famous short-term lease platforms. Mykonos which is one of the most touristic and popular Greek islands enjoys its own economy. Despite the economic crisis, Mykonos has not been affected in terms of real estate values, hotel room values and holiday expenses. In such an economy, AirBnB has found its place all over the island. This paper aims at mapping the AirBnB phenomenon in Mykonos through the use of GIS, proving that sharing economy is not just targeting markets of lower income or budget and highlighting any geographical patterns in the location of AirBnB properties. Moreover, an analysis on the factors that affect the rental value/day provides an additional insight. It is clearly proven that AirBnB covers any additional need for tourist accommodation successfully even in the high demanding market of Mykonos with over 300 sharing residential facilities, which are described as a shared space, a private room or even an entire house. The paper provides interesting results on the location of each sharing property, the site and property attributes, amenities and services and rental rules, which are all investigated in order to present the Mykonian AirBnB.

Keywords: AirBnB; Mykonos; Hospitality Real Estate

1. Introduction

Sharing economy or collaborative consumption is a new way of economic activity, which basically refers to goods and services sharing. The change from owning to sharing, the wide use of online social networks and electronic markets and the expansion of mobile devices and electronic services have all contributed to the augmentation of sharing economy. The impact of sharing economy on real estate began on 2008, when AirBnB was founded in San

Francisco. Nowadays, sharing economy in real estate is very popular not only in USA but internationally too and AirBnB has become one of the most famous short-term lease platforms.

Airbnb, which is an acronym of Air, Bed and Breakfast, changed the way the host and the customer interact by bringing them together for a very short-term lease on much more economic terms. The increasing penetration rate of sharing economy has led to complaints on the negative impact on hotels. However, studies in San Francisco (where Airbnb has a high penetration rate) and other places have shown that the supply of Airbnb does not affect hotels. In contrary the mean average price of Airbnb and behavioral factors affect hotel performance and especially hotels of lower standards (Blal et al., 2018; Gunter, 2018; Fung So et al., 2018; Lutz and Newlands, 2018).

Airbnb has created an innovative global marketplace of buyers to sellers' marketplace to rent space from an internet platform. The Airbnb founders developed an internet platform where hosts rent out shared rooms, private rooms, apartments, condos, houses, garages, pool houses, guest houses, castles, boats, recreational vehicles, and barns for tourists to stay by the day, week or longer (Lehr, 2015).

Mykonos which is one of the most touristic and popular Greek islands enjoys its own economy. Despite the economic crisis, Mykonos has not been affected in terms of real estate values, hotel room values and holiday expenses. In such an economy, AirBnB has found its place all over the island. The aim of this paper is to illustrate an overview of the current AirBnB market in the Greek island of Mykonos and its place within the entire hospitality real estate market of the island.

2. Study area

Mykonos is located in the Central Aegean region and belongs to the prefecture of Cyclades. Its total surface area is 105,481 square kilometers while the length of its coasts reaches 89 km. Its total permanent population stands at 10,134 inhabitants, according to the National Statistical Service's 2011 census. Most of the inhabitants live in the western part of the island, where the main village of Mykonos (Chora) is located. Delos, uninhabited and one of the most important mythological, historical and archaeological sites in Greece and in the world, and Renia islands, uninhabited with crystal sea water, are also included in the Municipality of Mykonos.



Figure 1, The location of Mykonos within Cyclades

Nowadays, the nightlife of Mykonos is considered one of the most active in the world. It is the third most popular destination in Greece, behind Peiraias and Santorini and one of the top in the world. Despite its small area, Mykonos has a large number of hotels, apartments, hostels etc. with varied values and amenities. It is indicative that there are 39 5* hotels on the island, according to the Ministry of Tourism.

In 2016, Mykonos was visited by 1.8 million visitors and in 2017 (from 10/3 to 4/12) by 2 million, among which some of the richest, most famous and able to invest in land acquisition at the new de rigueur island. This year an increase is expected as new airlines are adding Mykonos in their destinations while the island's airport, already upgraded by Fraport, will have a parking for private aircrafts. These factors make the appearance and continuous development of Airbnb an expected consequence.

3. Methodology

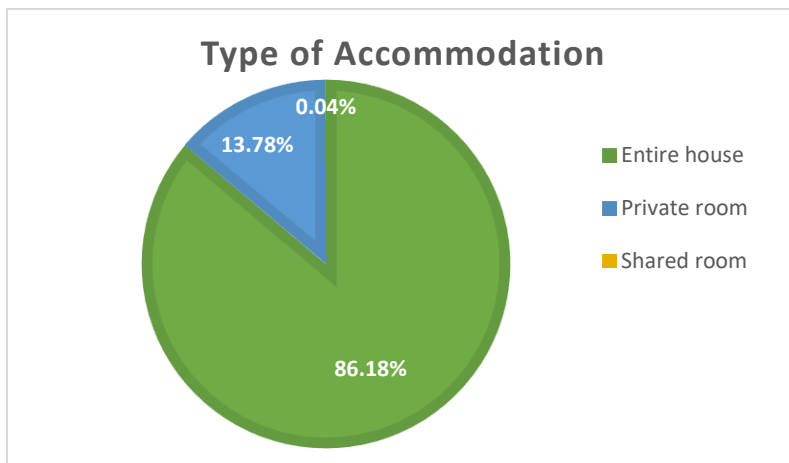
As previously mentioned, Mykonos enjoys its own economy mainly due to the high class touristic product (services, luxuries and physical/architectural beauty) that it offers. Real estate values, hotel room values and holiday expenses by visitors have not been affected despite the economic crisis. The appearance of Airbnb came to supplement the touristic product with this new form of sharing economy. This paper aims at mapping the AirBnB phenomenon in Mykonos through the use of GIS, proving that sharing economy is not just targeting markets of lower income or budget and highlighting any geographical patterns in the location of AirBnB properties. Moreover, an analysis on the factors that affect the rental value/day provides an additional insight and tries to highlight the way Airbnb forms and interacts in the island.

4. How is the Myconian summer “shared”?

4.1. Documentation of the provided facilities of Airbnb properties

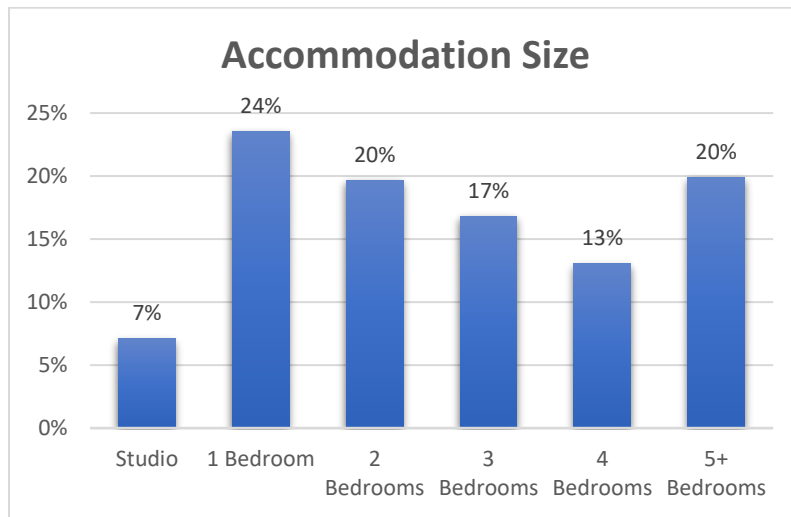
The data described and analysed have been sourced from AirDNA, which collects data concerning the Airbnb rentals in various locations worldwide.

Three types of residential accommodation are offered via the Airbnb platform in Mykonos; an entire house, a private room or a shared room. Although there are almost 2,500 active rental accommodations, the majority of them, 86%, concern an entire house. The private rooms reach a percentage of approximately 14% while the shared room is less than 0.05% of the accommodation options as there is only two accommodations of this type offered.



Graph 1: Percentage of types of rental accommodation

The accommodations have been divided in six types according to the number of the rooms provided. The rentals described as studios are the lowest with a percentage of 7%, the second type of accommodation concern the 4 bedrooms houses with 13% while the properties with 3 bedrooms are 17% of the total number of the properties in the Myconian Airbnb. The 2-bedroom properties and those offering more than 5 bedrooms are the accommodations achieving the second highest percentage, a percentage of 20%. The single bedroom properties are at the top of the range with 24%.



Graph 2: Percentage of sizes of rental accommodation

The Mykonian Airbnb offers above all a variety of unique accommodation types with more than 80 of them described as boats. These vary between yachts, sailing boats and gulets. The unique residential facilities offered via the Airbnb platform include caves, windmills, castles, barns and earth houses. The category with the majority of the unique properties is the one described as Cycladic house. Those properties are characterised by the Cycladic architecture and present local lifestyle.

There are currently 845 active hosts in the Mykonian Airbnb. From those, the single-listing hosts represent more than 50%, they reach almost the 60% of the total number. Of the total number of the hosts only 16% are described as superhosts. The superhosts has been recently implemented by Airbnb and concern the hosts that are highly rated, responsive, active and reliable.

4.2. Mapping Airbnb in Mykonos

The Mykonian Airbnb offers properties across the entire island of Mykonos. However, the majority of the properties are located in the Western and Southern part of the island. The two shared rooms are found close to the town of Mykonos and in Agios Stefanos.

The majority of the private rooms are spread between Ornos and Agios Stefanos. A high concentration is found around the town of Mykonos. Finding properties of this type in other areas of the island is rarer. No private rooms are situated in the north east side of the island.

The accommodations described as entire houses are situated across the entire island with the majority of them located across the coastline and around the major towns of the island. The studios are found mainly around the town of Mykonos. The two and three-bedroom properties follow the same pattern. The majority of them are located in the western part of the island and more specifically around the town of Mykonos and Ornos. The four-bedroom properties are mainly situated in Ornos and Elia with only a few of them been in Mykonos town. The properties offering more than five bedrooms are spread across the coastline of the island. As regards the single bedroom properties, there are concentrated mainly around the town of Mykonos, Ornos, Agios Stefanos, Kalafati and Elia.

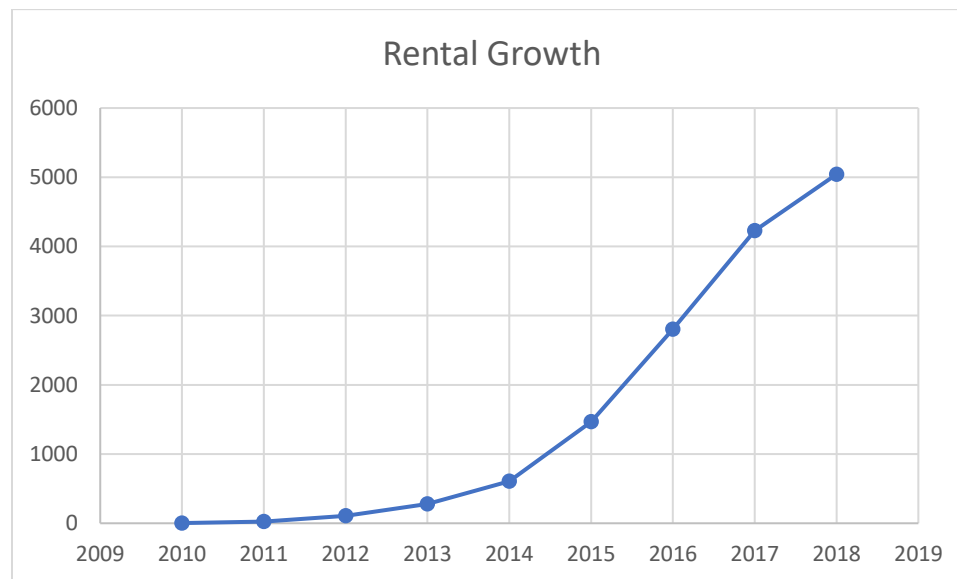
4.3. Decoding the Mykonian Airbnb

The Greek and, in particular, the Mykonian tourism seems to be negatively correlated with the crisis, as tourists' rentals during the last 8-year period increased by 65% in Athens, 86% in Thessaloniki, 46% in Santorini and 51% in Mykonos. The Mykonian characteristic of high average daily rental (€151), with Airbnb average daily rate at €220, did not prevent the island from increasing its rented rooms. It is indicative that in 2015 rented rooms reached 1,468 whereas in 2017 they reached 4,533.

In general, 87% of Airbnb rentals are entire houses or villas with great luxuries and amenities, whereas the rest are private rooms (AirDNA, 2018). Shared rooms are almost absent in Mykonos, as the touristic demand dictate another other kind of product. Moreover, it must be mentioned that after the huge impact of very short-term leases, owners turn their houses in Airbnb homes in scope of gaining an extra income. This fact has subsequently led to the increase in rental values in general, making it difficult for locals of a certain income to compete.

In general, the touristic product of Mykonos is of high standards and, thus, has led to the creation of luxury hotels, villas and houses with any possible amenity. In combination with the increased tourism and the demand for accommodation for every economic level, this has led to the development of Airbnb rentals with the higher average daily rental and one of the highest occupancy rates in Greece.

It is remarkable that despite the economic crisis, the Mykonian Airbnb not only possesses a place in the hospitality market but it is constantly growing since 2010. During the first years of its appearance in the hospitality market, Airbnb was trying to be established within the Mykonian hospitality sector. From 2014, the Mykonian Airbnb rental growth is characterized by a steep incline with achieving a 51% annual rental growth between 2016 and 2017.



Graph 3: Rental Growth

The low percentage of the hosts described as superhosts could be an indicator revealing that there is still room for improvement in the Mykonian Airbnb. Although, the Superhosts programme has been recently implemented and therefore this percentage is expected to grow, the fact that the majority of the hosts cannot obtain this title yet could prove that the Mykonian Airbnb is not in a strong position to compete with the luxury, high-ranking hotels.

Concerning the location of the properties, it is noticed that the accommodations offering a low number of bedrooms are concentrated mainly around the town centres, the high value areas and the western part of the island. On the other hand, the bigger properties can be found across the coastline and in Ornos and Elia.

5. Conclusion

The impact of the phenomenon of short-term rentals, namely the hosting of foreign visitors in furnished apartments, is evolving, utilizing relevant electronic platforms. Mykonos has always kept its characteristic of uniqueness in its economic activity. The Mykonian Airbnb is characterized by its variety in amenities and services, as well as its wide range of prices. The analysis has shown that Airbnb estates of Mykonos are mainly whole houses of high quality with high occupancy rate and an average rental value over 140€. The concentration of Airbnb estates mainly appears at the west and south part of the island, with less impact at the north. Moreover, it is worth mentioning that a large number of houses are bought only with the prospect of short-term rental, in contrast to 15-20 years ago when the investment concentrated in traditional rentals or even self-occupancy. The most important fact though is that Mykonos, along with Santorini, are the only Greek areas where Airbnb did not influence their economic activity with the severity of other areas, as revenues and amenities were already covering the main slice of the “touristic” pie.

Airbnb is not always the lower priced option for those seeking temporary accommodation. The Mykonian Airbnb has proven that as its average daily rate is higher compared to the average daily rental.

Airbnb offers a much wider range of products and services than hotels: Airbnb users can rent anything from an apartment to a yurt. More importantly, because Airbnb leverages existing housing inventory, it can potentially expand supply wherever houses and apartment buildings already exist. This contrasts with hotels, which must be built at locations in accordance with local zoning requirements. Therefore, competition by Airbnb is potentially harder for incumbents to adapt to, compared to competition by other hotel firms (Zervas et al, 2017).

Airbnb also offers an interesting and innovative alternative to the traditional hotel stay. The essence of the Airbnb concept is the “belongingness” and “uniqueness” brought to the guest’s experience. Airbnb has over two million unique accommodations that reflect the local host’s lifestyle, personality, and culture. Rather than staying at a traditional hotel and being served by uniformed employees, guests can experience a sense of belonging when talking with the local Airbnb host or having a cup of tea in a real home kitchen (Liua et al, 2017).

The Mykonian Airbnb can offer the uniqueness and belongingness to its clients through the unique properties of yachts, castles, earth houses and windmills and at the same time present the Mykonian architecture and lifestyle to its guests with the Cycladic houses that are available in the Airbnb platform. Minimal architecture where the white colour is dominant and fit out that reveal the local lifestyle are the characteristics that could lead the guests to choose Airbnb to the traditional hotels.

Although it has not been proven yet and there are no data to support this argument, Airbnb could have an impact on the development of traditional hotels. The traditional hotels are those that could be affected from the expansion of Airbnb as they lack the luxury facilities offered by the high-ranking hotels and at the same time lack the uniqueness in the terms of local lifestyle and tradition offered by the properties listed in Airbnb.

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