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The Impact of Airbnb on the Traditional Hotel Sector: A Comparative Study of Athens and Thessaloniki in Greece

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Received Date: June 21, 2025**Published Date:** June 25, 2025**Abstract**

The rapid expansion of the Airbnb platform in recent years has brought significant changes to the tourism and hospitality industry, both globally and in Greece. This study investigates the impact of Airbnb on the traditional hotel sector in the two largest Greek cities, Athens and Thessaloniki. Employing a comparative analytical framework, the research examines five key dimensions: Tourism demand, Airbnb penetration, hotel market response, regulatory context, and socioeconomic effects. Quantitative data from official statistics and Airbnb metrics, alongside qualitative analysis of policy documents and academic literature, underpin the analysis. Findings reveal significant differences between the two cities, with Athens exhibiting higher Airbnb penetration and greater competitive pressure on hotels, accompanied by regulatory challenges and socioeconomic impacts such as housing displacement. Thessaloniki shows a smaller but rapidly growing Airbnb market, providing an opportunity for proactive and context-specific policy interventions. The study highlights the importance of tailored regulatory frameworks, integrated tourism and housing policies, and collaborative governance models to balance innovation in tourism with sustainable urban development. These insights contribute to the broader discourse on managing sharing economy platforms in urban hospitality sectors.

Keywords: Airbnb; sharing economy; Athens; Thessaloniki; hospitality industry; sustainable tourism; comparative analysis; tourism policy

Introduction

The rapid expansion of peer-to-peer accommodation platforms, particularly Airbnb, has significantly transformed urban tourism and hospitality sectors globally. By enabling property owners to offer short-term rentals, Airbnb has disrupted traditional hotel markets, altering competitive dynamics and challenging existing regulatory frameworks [1]. This phenomenon is especially pertinent in Greece, where tourism is a critical economic driver, and cities like Athens and Thessaloniki have witnessed considerable growth in short-term rentals. Athens, a major international tourist destination with diverse visitor profiles, experiences high tourism demand and significant Airbnb penetration. In contrast,

Thessaloniki, while growing as a regional tourism hub, presents different market characteristics and regulatory challenges [2]. These differences make the two cities ideal cases for comparative analysis, allowing for a nuanced understanding of how Airbnb impacts traditional hospitality sectors under varying local conditions. This study investigates the extent of Airbnb's market presence, the response of traditional hotels, the regulatory environment, and the socioeconomic implications in Athens and Thessaloniki. By combining quantitative data on accommodation metrics with qualitative policy analysis, the research contributes to the growing literature on sharing economy impacts on urban tourism and aims to inform context-sensitive regulatory approaches [3,4].

Theoretical Framework

The rise of platform-based accommodations like Airbnb forms part of the broader sharing economy, defined as peer-to-peer, technology-enabled services allowing individuals to share access to goods or services for a fee [5]. Within tourism and hospitality, this model disrupts traditional business frameworks, fostering new competition while challenging existing regulatory systems designed for conventional providers [6]. Airbnb exemplifies a disruptive innovation by enabling private property owners to offer short-term rentals without the regulatory and operational costs typical of hotels [1]. This has reshaped urban tourism markets, often benefiting hosts economically but raising concerns over tourism-induced gentrification and displacement of long-term residents [7]. Such dynamics are particularly salient in Athens and Thessaloniki, where housing markets face pre-existing pressures from economic instability.

Empirical evidence indicates Airbnb's negative impact on hotel performance, especially among budget and mid-tier segments, which face declining occupancy and revenue, compelling strategic adjustments [8]. Moreover, regulatory asymmetries - stemming from lighter oversight of Airbnb compared to traditional hotels - have intensified calls for balanced policies ensuring fair competition and urban sustainability [9]. Finally, short-term rentals contribute to housing market distortions by reducing long-term rental supply and escalating rents in popular neighborhoods, thereby exacerbating housing insecurity and weakening community cohesion [10]. These effects are increasingly visible in Greek urban centers, with Athens experiencing accelerated gentrification linked to Airbnb, while Thessaloniki shows emerging signs of similar pressures [2].

Methodology

This research employs a comparative case study methodology in order to examine how Airbnb's growth has affected the traditional hotel sector in the two most prominent Greek urban destinations: Athens and Thessaloniki. This method is suitable for exploring context-specific dynamics and allows for the in-depth analysis of complex social and economic phenomena (Yin, 2018). By comparing two cities with different tourism scales, urban structures, and policy responses, the study aims to identify patterns of divergence and convergence in the impact of Airbnb.

Research Design and Rationale

This study employs a mixed-methods research design, combining quantitative data analysis with qualitative review of policy documents and academic literature. Such an integrative approach facilitates triangulation, thereby enhancing the validity and comprehensiveness of the findings [11]. The comparative framework allows for an in-depth examination of spatial and temporal patterns of Airbnb listings in Athens and Thessaloniki, the evolution of hotel sector performance indicators (including occupancy rates, Average Daily Rate [ADR], and Revenue per Available Room [RevPAR]) in both cities, and the influence of local and national regulatory interventions on the interplay between

short-term rentals and traditional hotels.

Data Collection

This study utilizes a mixed-methods approach, combining both quantitative and qualitative data sources to capture the multifaceted impact of Airbnb on the traditional hotel sector in Athens and Thessaloniki. The integration of statistical indicators with policy and contextual analysis allows for a more comprehensive understanding of the platform's effects on urban tourism dynamics. Quantitative data were collected from a combination of official and independent sources covering the period from 2015 to 2024, facilitating the analysis of trends both before and after the COVID-19 pandemic. Key hotel industry performance metrics - including Occupancy Rate, Average Daily Rate (ADR), and Revenue per Available Room (RevPAR) - were obtained from the Greek Tourism Confederation [12], STR Global [13], and the Hellenic Statistical Authority [14]. These indicators enabled year-on-year comparisons of the hospitality sector's evolution in both cities.

Airbnb-specific data were sourced from Inside Airbnb (2024) and AirDNA (2024) [15,16], which compile publicly available platform data. These sources provided insights into the number and type of listings (entire homes vs. private rooms), average nightly prices, occupancy rates, and spatial distribution. In Athens, Airbnb listings exceeded 12,000 in 2024, with high concentrations in districts such as Koukaki, Psyrri, and Monastiraki. Hotel occupancy rates in the city declined from 78% in 2017 to 71% in 2023, partly reflecting increased competition from short-term rentals [12]. In Thessaloniki, listings numbered approximately 4,500 in 2024, primarily in Ladadika, Valaoritou, and Ano Poli. While the hotel sector remained relatively stable, emerging pricing pressures were observed, particularly within the economy segment [13].

To complement and contextualize the quantitative analysis, qualitative data were collected from policy, institutional, and academic sources. Official documents from the Ministry of Tourism, the Independent Authority for Public Revenue (AADE), and the municipal administrations of Athens and Thessaloniki were examined, focusing on short-term rental legislation, urban tourism policy, and taxation frameworks. Municipal council proceedings and public communications further revealed the political and social responses to Airbnb's growth. In addition, academic literature provided theoretical grounding and comparative context. Notably, Guttentag's [6] work on the disruptive potential of Airbnb, Wachsmuth and Weisler's [3] analysis of Airbnb-driven gentrification, and Kapitsinis' [2] empirical study on short-term rentals in Athens offered valuable insights into broader socio-spatial impacts of platform-based tourism. The integration of these data sources allowed for a multi-dimensional analysis of Airbnb's role in reshaping urban tourism economies and its implications for the sustainability of traditional hotel operations in Greece.

Research Questions

Grounded in the comparative analytical framework and its five thematic dimensions, this study addresses the following research questions:

Q1. How does tourism demand differ between Athens and Thessaloniki, and what implications do these differences have for the scale and structure of the short-term rental market?

Q2. To what extent has Airbnb penetrated the urban accommodation markets of Athens and Thessaloniki, and how does its spatial distribution reflect underlying urban tourism dynamics?

Q3. How have traditional hotel sectors in Athens and Thessaloniki responded to the expansion of Airbnb in terms of pricing, service innovation, and operational strategy?

Q4. What are the key similarities and differences in local and national regulatory approaches to short-term rentals in Athens and Thessaloniki, and how effective are these frameworks in managing platform-driven tourism?

Q5. What are the perceived socioeconomic impacts of Airbnb's growth in the two cities, particularly in terms of housing affordability, neighborhood change, and tourism sustainability?

These research questions aim to guide a structured, evidence-based comparison of the two urban contexts, contributing to the broader discourse on platform urbanism, sustainable tourism, and the transformation of the hospitality industry in Southern Europe.

Comparative Analytical Framework

The study employs a comparative analytical framework to examine the differentiated impacts of Airbnb on the traditional hotel sectors of Athens and Thessaloniki. This approach facilitates a systematic, multidimensional comparison between the two cities, accounting for local tourism dynamics, regulatory environments, and socioeconomic conditions [17]. To operationalize this framework, five core dimensions of evaluation were identified and grouped into thematic areas. The first dimension, tourism demand, focused on the scale, structure, and seasonality of tourist arrivals. Athens, as a global gateway to Greece, receives a high volume of both international and domestic visitors year-round (SETE, 2023), while Thessaloniki's tourism is more regionally oriented, with a concentration on cultural, business, and short-stay travel [18]. The second dimension, Airbnb penetration, assessed the volume and growth trajectory of short-term rental listings, their spatial concentration, and host profiles. Airbnb activity in Athens is

significantly higher, with over 12,000 active listings in 2024, heavily clustered in central districts such as Koukaki and Monastiraki [15,16]. Thessaloniki, while displaying a lower overall volume, has seen steady expansion, particularly in the historic neighborhoods of Ladadika and Ano Poli.

The third dimension, hotel market response, examined the strategic adjustments made by traditional hospitality providers in response to platform competition. These include dynamic pricing, investments in digital marketing, operational restructuring, and - in some cases - partial integration with platforms like Airbnb [1]. Hotel operators in Athens have been quicker to adopt such strategies, reflecting the intensity of competitive pressures, while Thessaloniki exhibits more gradual adaptation [13]. The fourth dimension, policy and regulatory context, explored the frameworks developed at national and municipal levels to regulate short-term rentals. In Athens, local authorities have experimented with regulatory interventions, including zoning restrictions, tax compliance enforcement by the Independent Authority for Public Revenue (AADE), and cooperative agreements with platform providers [19]. Thessaloniki's policy approach remains more limited, though increasing public discourse suggests rising institutional awareness of the need for regulation.

Finally, the fifth dimension, socioeconomic impact, considered the broader effects of Airbnb's growth on urban life. Topics examined include housing affordability, gentrification, neighborhood change, and labor precocity in tourism-related services [3,7]. Evidence suggests that in Athens, the social tensions associated with Airbnb are more pronounced, especially in central residential areas. However, similar patterns are gradually emerging in Thessaloniki, raising concerns about long-term sustainability. This structured, multi-scalar framework allowed for a nuanced and context-sensitive comparison between the two urban tourism economies, capturing both quantifiable trends and underlying structural differences. The comparative approach not only illuminates divergent trajectories but also supports the development of place-specific policy recommendations to ensure balanced and sustainable urban tourism development. To systematically compare Athens and Thessaloniki, the analysis employed a set of evaluation dimensions grouped into four thematic areas (Table 1). This matrix helped identify key contrasts and similarities in how Airbnb interacts with existing urban and tourism systems in each city.

Table 1: Set of Evaluation Dimensions.

Dimension	Athens	Thessaloniki
Tourism Demand	High, international, year-round	Medium, domestic and regional focus
Airbnb Penetration	High density, especially in central areas	Moderate, with growing concentration in the city center
Hotel Market Response	Strong price-based and service differentiation	Slower adaptation; competition rising in low-mid segments
Policy/Regulatory Context	Pilot zoning controls, limited enforcement	Early-stage discussions, limited local action
Socioeconomic Impact	Gentrification, housing pressure, community displacement	Mild housing pressure, economic diversification

Data Analysis Procedures

Descriptive statistical methods were employed to analyze trends in Airbnb listings and hotel performance metrics over the study period. Spatial analysis techniques, utilizing Geographic Information Systems (GIS) and detailed Airbnb mapping data, facilitated the identification and examination of listing concentrations relative to designated tourist areas and residential neighborhoods. Additionally, a comparative qualitative analysis of policy documents and regulatory frameworks was conducted to elucidate differences in governance approaches and their impacts on the dynamics between short-term rentals and traditional hospitality sectors.

Limitations

Several methodological limitations should be acknowledged in interpreting the findings of this study. First, there are concerns regarding data consistency and reliability, particularly in relation to Airbnb-specific metrics. As Airbnb does not publish detailed performance or revenue data, the study relies on third-party aggregators such as AirDNA and Inside Airbnb. While these sources are widely used in academic literature, their estimates may overstate or understate the number of active listings, occupancy rates, and host behaviors due to data scraping limitations and definitional ambiguities.

Second, the study faces inherent challenges in causal inference. Although temporal patterns and correlations between the expansion of Airbnb and hotel sector performance can be identified, the observational nature of the data restricts the ability to establish causality. For example, a decline in hotel occupancy may coincide with the rise of Airbnb, but such a relationship could be influenced by external macroeconomic factors, seasonality, or changes in tourist preferences. Longitudinal primary data and experimental designs would be necessary to confirm causal mechanisms.

Third, there is ambiguity in policy implementation, which complicates the analysis of the regulatory environment. While Greece has introduced national frameworks for the taxation and registration of short-term rentals, enforcement remains uneven. Municipal governments often lack the legal authority, resources, or technical capacity to effectively monitor compliance or to adapt regulations to local conditions. As a result, discrepancies between formal regulation and actual practice may affect the real-world impact of policies, particularly in cities like Thessaloniki where enforcement mechanisms are weaker.

These limitations do not invalidate the study's insights but underscore the need for cautious interpretation and further research, particularly through mixed-method longitudinal designs and stakeholder interviews that could capture real-time adjustments in the urban accommodation ecosystem.

Findings

The comparative analysis between Athens and Thessaloniki highlights distinct patterns in the interaction between Airbnb and the traditional hotel sector, shaped by differences in tourism

demand, platform penetration, market responses, regulatory frameworks, and socioeconomic impacts. In terms of tourism demand, Athens exhibits significantly higher and more diversified tourist flows, supported by a combination of cultural, leisure, and international city tourism throughout the year. Thessaloniki's demand is more modest and seasonal, relying more heavily on regional visitors and business travelers. These disparities influence the scale and maturity of short-term rental markets in each city. Regarding Airbnb penetration, Athens shows a much higher density of active listings, exceeding 12,000 in 2024, concentrated in central districts such as Koukaki, Monastiraki, and Psyrri. Thessaloniki maintains a smaller but growing Airbnb presence, with approximately 4,500 listings, primarily located in Ladadika, Valaoritou, and Ano Poli. Although the market size in Thessaloniki is smaller, recent trends indicate accelerated growth, particularly in the post-pandemic period. The response of the hotel sector differs considerably.

In Athens, hotel operators have adopted more aggressive adaptation strategies, including dynamic pricing, brand repositioning, service upgrades, and, in some cases, the integration of short-term rental units into their business portfolios. In Thessaloniki, the competitive pressure has been lower, resulting in a more gradual market response, though emerging signs of price sensitivity and reduced margins are evident in lower-tier hotel categories. In the regulatory and policy dimension, both cities operate under the national legal framework for short-term rentals, including property registration and taxation requirements. However, enforcement remains uneven. Athens has seen more structured monitoring efforts and stronger cooperation with national authorities, while Thessaloniki exhibits lower levels of institutional capacity and limited localized oversight.

Concerning the socioeconomic impact, evidence from Athens points to rising rental prices, displacement of long-term residents, and increasing pressure on housing availability in central neighborhoods with dense Airbnb activity. Signs of gentrification and land-use transformation are particularly pronounced in popular tourist zones. In Thessaloniki, while such impacts are less intense, early indicators - such as increased commercialization of residential areas - suggest a similar trajectory if proactive measures are not adopted. Overall, the findings demonstrate that while Airbnb has altered the urban accommodation landscape in both cities, the scale, intensity, and nature of this transformation vary significantly. Athens represents a more advanced stage of platform-driven tourism development, with complex social and regulatory consequences, whereas Thessaloniki remains in an earlier phase, offering a window of opportunity for policy innovation and sustainable urban planning.

Conclusion

This study set out to examine the impact of Airbnb on the traditional hotel sector in Athens and Thessaloniki by investigating tourism demand patterns, Airbnb penetration, hotel market responses, regulatory frameworks, and socioeconomic effects. The findings reveal significant differences between the two cities

in each of these dimensions, providing valuable insights for both academic understanding and practical policymaking.

First, Athens exhibits a more robust and diversified tourism demand, which has facilitated a rapid and widespread adoption of Airbnb. This has led to noticeable competitive pressure on traditional hotels, resulting in occupancy declines and the adoption of adaptive strategies by hotel operators. Thessaloniki, with its smaller and more seasonal tourism market, experiences a more moderate Airbnb presence and a correspondingly less intense impact on hotels, although emerging trends indicate growing competition.

Second, the regulatory environment plays a crucial role in mediating Airbnb's effects. While national policies exist to govern short-term rentals, enforcement disparities between Athens and Thessaloniki contribute to uneven outcomes. Athens' more active regulatory oversight appears to mitigate some negative externalities, whereas Thessaloniki's limited capacity to monitor and enforce regulations may allow unchecked market growth and potential social tensions.

Third, the socioeconomic implications of Airbnb's growth are more pronounced in Athens, where increased rental prices and resident displacement in central neighborhoods highlight the platform's disruptive potential. Thessaloniki is currently in an earlier stage of this dynamic, but without timely policy interventions, similar challenges may emerge.

In summary, the study underscores the need for place-sensitive and adaptive regulatory frameworks that balance the benefits of tourism innovation with the protection of local communities and existing hospitality sectors. The contrasting cases of Athens and Thessaloniki demonstrate that a one-size-fits-all approach is unlikely to be effective. Policymakers should therefore tailor strategies to local market conditions, ensuring sustainable tourism development that aligns with broader urban planning and social equity goals.

Discussion

This study reinforces existing research on the disruptive effects of peer-to-peer accommodation platforms on traditional hospitality and urban tourism. The contrasting cases of Athens and Thessaloniki demonstrate how local factors - such as tourism demand, market maturity, and governance capacity - influence Airbnb's impact. Athens, as a prominent international destination with high residential pressure, exhibits pronounced Airbnb growth that exacerbates housing affordability and alters neighborhood dynamics. The hotel sector's adaptive responses align with prior findings on competitive adjustments [1], while regulatory enforcement challenges reflect common governance shortcomings [4]. Conversely, Thessaloniki's less developed market shows limited current impacts, offering an opportunity for early, context-sensitive policy interventions to prevent negative externalities. This contrast highlights the need for tailored regulatory approaches rather than uniform policies. The socioeconomic consequences in Athens, particularly regarding gentrification and displacement, underline

the urgency of integrating housing and tourism policies to protect social cohesion. Thessaloniki's experience may inform more balanced development strategies. Overall, the findings advocate for inclusive, multi-stakeholder governance frameworks involving authorities, industry, residents, and platforms to balance sharing economy benefits with urban sustainability. Further longitudinal and qualitative research is necessary to deepen insights into these evolving dynamics.

Policy Recommendations

Based on the findings of this comparative study, several policy recommendations emerge to effectively manage the impact of Airbnb on the traditional hotel sector and urban communities in Athens and Thessaloniki. Effective regulation of short-term rental platforms such as Airbnb requires a comprehensive policy framework that balances market innovation with urban sustainability and social equity. Policymakers should implement equitable taxation and licensing regimes to level the competitive field between traditional hotels and peer-to-peer accommodations [9]. Enhanced enforcement capabilities at both national and municipal levels are necessary to address regulatory evasion and ensure compliance with safety, labor, and zoning standards. Furthermore, housing and tourism policies must be integrated to mitigate the adverse effects of short-term rentals on housing affordability and neighborhood stability.

This includes implementing caps on listings in high-demand areas, incentivizing long-term rentals, and deploying affordable housing initiatives to counteract displacement pressures [10]. In emerging markets like Thessaloniki, proactive policy design is critical to preemptively manage Airbnb's expansion and avoid exacerbating socioeconomic disparities. This involves continuous monitoring of platform growth, stakeholder engagement, and adaptive governance approaches that can respond to local contextual factors. Finally, fostering multi-stakeholder governance models - engaging municipal authorities, tourism industry representatives, resident associations, and platform operators - can facilitate inclusive decision-making processes and promote sustainable tourism development aligned with community interests.

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