

The Impact of Airbnb Expansion on Real Estate Speculation in Marseille's Tourist Areas

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doi:10.56397/LE.2024.10.02

Abstract

This paper investigates the impact of Airbnb's expansion on real estate speculation in Marseille's tourist areas, particularly focusing on the Old Port and Le Panier districts. By analyzing the correlation between the growth of short-term rental platforms and the increase in property values, the study explores how Airbnb has transformed the housing market, contributing to speculative investment and gentrification. The research examines the reduction in long-term rental housing, the rising cost of property, and the displacement of local residents as key outcomes of Airbnb's proliferation. Through comparisons with similar European cities such as Paris and Madrid, the paper highlights the socio-economic consequences of Airbnb-driven real estate speculation, including shifts in neighborhood demographics and the loss of affordable housing for low- and middle-income residents. The findings emphasize the need for policy interventions to mitigate the negative effects of short-term rentals on the local housing market, balancing tourism-driven economic growth with the preservation of community stability and housing accessibility.

Keywords: Airbnb, real estate speculation, gentrification, Marseille, short-term rentals, displacement

1. Introduction

The rise of online platforms like Airbnb has transformed the global tourism industry, reshaping the dynamics of urban living and property markets in major cities. What began as a peer-to-peer home-sharing platform has evolved into a powerful force, creating new opportunities for homeowners to rent out their properties on a short-term basis, especially in highly touristic areas. While this has undoubtedly stimulated local economies by attracting more visitors, it has also sparked significant debates about its impact on housing affordability, neighborhood dynamics, and real estate speculation.

In cities like Marseille, renowned for its historical landmarks, Mediterranean charm, and vibrant cultural scene, the influx of short-term rental properties has raised concerns about the effects of Airbnb on the local housing market. Touristic districts such as the Old Port, Le Panier, and other coastal areas have seen a surge in Airbnb listings, leading to speculation that investors are buying properties not for long-term residency but for their potential as short-term rentals. This phenomenon could drive property prices upward, reduce housing availability for locals, and contribute to gentrification and displacement, particularly in areas with high tourism demand.

This essay investigates the impact of Airbnb's growth in Marseille's tourist districts, with a focus on whether its expansion has encouraged speculative real estate investment. By exploring the relationship between Airbnb, real estate speculation, and housing affordability, we aim to understand how the short-term rental market influences the broader dynamics of Marseille's urban development. Through comparisons with other European cities facing similar challenges, we will assess the potential socio-economic consequences of Airbnb's rise in Marseille and consider policy measures that may be required to mitigate its negative effects.

2. Airbnb and the Real Estate Market in Tourist Areas

Airbnb's rapid expansion has had a profound impact on the real estate markets of popular tourist destinations, and Marseille is no exception. In cities with a strong tourism appeal, like Marseille, short-term rental platforms offer homeowners and investors an opportunity to earn significantly higher returns compared to traditional long-term rental models. This shift from long-term residential use to short-term vacation rentals has created a dual-functionality for properties, transforming them from homes to highly profitable assets that can be leveraged for tourism purposes. This transformation has a direct influence on the local real estate market, reshaping demand, property prices, and availability.

2.1 Airbnb's Influence on the Real Estate Market

In Marseille, areas that are particularly popular with tourists, such as the Old Port, Le Panier, and along the city's coastline, have seen a marked rise in short-term rental listings. These neighborhoods, with their historical significance and attractive waterfront locations, are ideal for visitors looking for an authentic Marseille experience. Airbnb listings in these districts have surged, increasing competition among investors and property owners who want to capitalize on the growing demand for temporary accommodations. This has contributed to an overall increase in property values in these areas, as properties are no longer viewed solely as residential spaces but also as profitable investments. Marseille's growing appeal as a tourist destination means that Airbnb properties are frequently occupied, leading investors to favor short-term rentals over traditional long-term tenancy. The higher income potential of Airbnb has drawn in speculative buyers who purchase properties not to live in or rent to local residents but to convert them into lucrative short-term rentals. This shift alters the traditional dynamics of supply and demand in the housing market, as properties are effectively removed from the local housing supply, which in turn reduces the number of homes available to local residents.

2.2 Incentives for Speculative Real Estate Investment

The Airbnb model creates strong incentives for real estate speculation. Speculation, in this context, refers to the purchase of properties with the primary intent of making a profit from short-term rentals rather than using the property for personal residence or long-term rental income. The profitability of Airbnb compared to traditional renting is a key driver behind this trend. Investors are increasingly willing to pay higher prices for properties in tourist areas, betting that the returns from short-term rentals will justify the cost of purchase and any associated renovation or maintenance expenses. In Marseille, this speculative activity is particularly prevalent in neighborhoods with high tourism foot traffic. Properties near the Old Port, one of the city's main attractions, have seen substantial price increases due to their desirability as short-term rental locations. The neighborhood of Le Panier, known for its narrow streets and rich cultural heritage, has also experienced an uptick in Airbnb listings. This surge in short-term rentals has led to increased competition among buyers, further driving up real estate prices and creating a speculative bubble in certain districts.

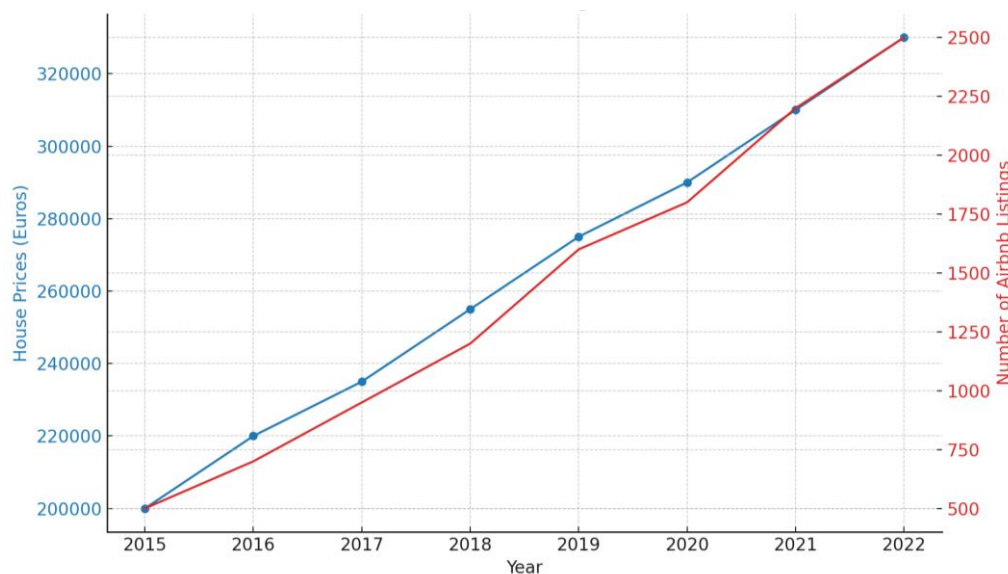


Figure 1. House Price Trends and Airbnb Listings in Marseille (2015-2022)

As Airbnb expanded, property prices in Marseille surged over the past few years. As shown in Figure 1, from 2015 to 2022, the number of Airbnb listings in Marseille grew from 500 to 2,500, while property prices increased from €200,000 to €330,000. This demonstrates a direct relationship between the rapid growth of the

short-term rental market and the escalation of property values.

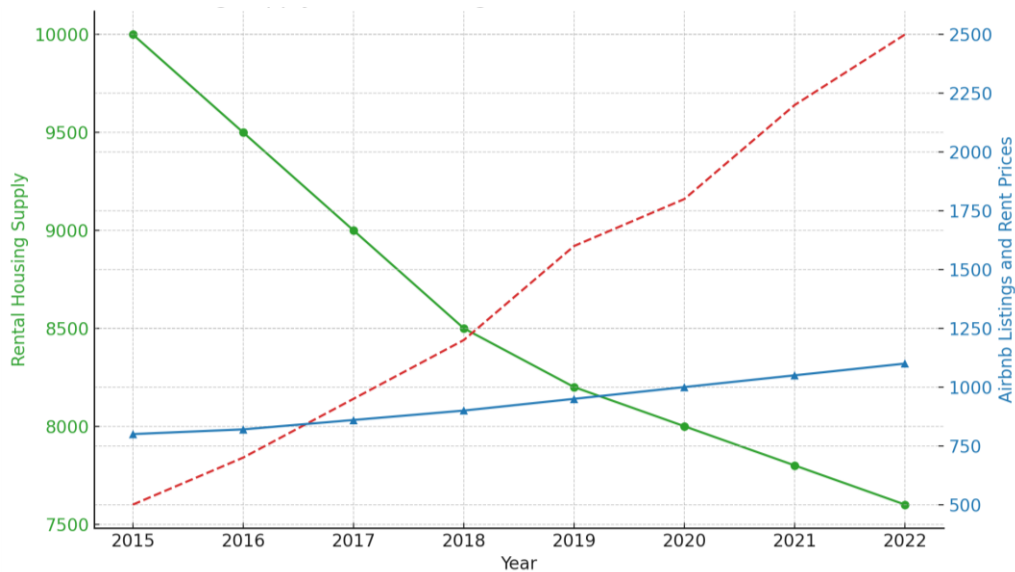


Figure 2. Rental Housing Supply, Airbnb Listings, and Rent Prices in Marseille (2015-2022)

The increase in Airbnb listings has had a notable impact on the availability of long-term rental housing and rental prices in Marseille. As shown in Figure 2, from 2015 to 2022, the supply of long-term rental housing in key tourist areas steadily decreased from 10,000 units to 7,600 units, while the number of Airbnb listings grew significantly from 500 to 2,500. This decrease in housing supply has coincided with a steady rise in rent prices, which increased from €800 to €1,100 over the same period. This data demonstrates a clear relationship between the rise of Airbnb and the pressure it has placed on Marseille's long-term housing market, leading to reduced availability and higher rental costs for local residents.

2.3 Impact on Property Values and Local Housing Availability

The increasing number of properties converted into Airbnb rentals has had significant consequences on both property values and housing availability for local residents. As demand for short-term rentals grows, property prices in tourist-heavy areas of Marseille have risen, making it more difficult for local buyers to afford homes in these districts. Investors, often with greater financial resources, are able to outbid local residents for properties, leading to a situation where homeownership becomes unattainable for many, particularly in the city's most desirable areas. The rise in property values also has a cascading effect on rental prices. Landlords who may have once rented out their properties to local tenants on a long-term basis are now increasingly shifting to the Airbnb model to take advantage of the higher returns. This reduces the stock of affordable long-term rental properties, pushing rents higher for those who remain in the traditional rental market. As a result, local residents, particularly those with lower incomes, are priced out of neighborhoods where they may have lived for generations, further contributing to the process of gentrification. The reduction in long-term rental availability creates a strain on the local housing market, exacerbating existing housing shortages. In Marseille, a city that already faces challenges related to housing affordability and availability, the conversion of properties into Airbnb rentals only intensifies these issues. Neighborhoods that were once accessible to a diverse range of residents become increasingly exclusive, as only those with higher incomes can afford to live there, either through homeownership or by renting.

2.4 Socio-Economic Consequences for Local Communities

The expansion of Airbnb and the associated real estate speculation have broader socio-economic consequences for local communities. As properties are increasingly used for short-term tourist rentals, neighborhoods can lose their sense of community and stability. The transient nature of Airbnb guests, who stay for only a few days or weeks, contrasts with the long-term residents who form the social fabric of these areas. This can lead to a breakdown in neighborhood cohesion, as fewer residents are invested in the community for the long term. Local businesses that cater to the daily needs of residents—such as grocery stores, schools, and medical facilities—may find themselves competing with businesses that serve the tourist population, such as souvenir shops, restaurants, and bars. This shift in the local economy can lead to the “touristification” of neighborhoods, where the needs of tourists are prioritized over those of residents, further alienating local communities.

Airbnb's rapid growth in Marseille's tourist areas has had a significant impact on the local real estate market, encouraging speculative investment and driving up property values. The platform's profitability for short-term rentals has drawn in investors, reducing the availability of long-term housing and contributing to gentrification and displacement of local residents. The socio-economic consequences of this shift are profound, as local communities are increasingly transformed to cater to tourists rather than residents. For cities like Marseille, striking a balance between fostering tourism and ensuring affordable housing for locals will require careful policy interventions and regulation of short-term rentals.

3. Gentrification and Displacement of Locals

The rise of Airbnb in major tourist cities has sparked a wave of gentrification, transforming the social and economic landscape of neighborhoods that were once affordable and diverse. In cities like Marseille, the platform's rapid expansion has led to the displacement of long-term residents and significant changes in the urban fabric. Gentrification, driven by increased real estate speculation and the demand for short-term rentals, reshapes communities by altering their socio-economic composition and marginalizing local populations. This section explores the relationship between Airbnb, gentrification, and the displacement of locals in Marseille, drawing on comparisons with other European cities to better understand the dynamics at play.

3.1 The Relationship Between Airbnb and Gentrification

Gentrification refers to the process by which lower-income residents are displaced from their neighborhoods due to rising property values and rents, often driven by an influx of wealthier newcomers. Airbnb has been a key driver of gentrification in many cities by creating a new demand for properties that can be used as short-term rentals. In tourist-heavy areas, this demand can dramatically inflate property values, making housing increasingly unaffordable for long-term residents. As landlords and property owners realize the profitability of converting their properties into short-term rentals, they are often motivated to evict long-term tenants in favor of Airbnb guests who generate higher revenue. In Marseille, this dynamic is particularly evident in districts like the Old Port and Le Panier, where short-term rentals have proliferated. These neighborhoods, once characterized by their working-class populations and affordable housing, have seen an influx of tourists and investors eager to capitalize on the city's tourism boom. As property values and rents rise in response to the demand for Airbnb listings, many long-term residents find themselves priced out of their own neighborhoods, unable to compete with the financial power of speculative investors.

3.2 Paris and Madrid

The effects of Airbnb on gentrification are not unique to Marseille. Similar patterns have been observed in other major European cities, such as Paris and Madrid, where Airbnb has contributed to the displacement of long-term residents and the transformation of local communities. In Paris, for example, entire neighborhoods have been reshaped by the growth of short-term rentals. The city's central arrondissements, historically home to middle- and lower-income residents, have become increasingly unaffordable as property values skyrocket due to the profitability of short-term rental markets. Research has shown that Airbnb is linked to rising rents and a reduction in the availability of long-term housing, forcing residents to move to the city's outskirts in search of more affordable living arrangements (Cerqueira, 2021). Similarly, in Madrid's Lavapiés district, Airbnb has played a significant role in driving gentrification. Lavapiés, once a culturally diverse and affordable neighborhood, has seen rapid changes due to the influx of tourists and short-term rental investors. The displacement of local residents, combined with rising rents and property prices, has led to protests against real estate speculation and concerns about the socio-economic transformation of the area (Caccese, 2019). The parallels between Paris, Madrid, and Marseille highlight the common challenges that cities face in managing the impact of Airbnb on housing markets and neighborhood dynamics.

3.3 Gentrification in Marseille: Rising Rents and Property Prices

In Marseille, the gentrification process fueled by Airbnb is most visible in the city's tourist districts. The Old Port, Le Panier, and other historically affordable areas have become focal points for investors seeking to profit from the city's growing appeal as a tourist destination. As more properties are converted into short-term rentals, the supply of affordable housing for local residents diminishes. This shortage of housing drives up both property values and rents, making it increasingly difficult for low- and middle-income residents to afford to live in their neighborhoods. Rising rents are a particular concern in Marseille, where the cost of housing has historically been more affordable than in cities like Paris or Nice. However, with the growing popularity of Airbnb, rents in the city's most desirable neighborhoods have started to climb. This trend disproportionately affects lower-income residents, many of whom may already be struggling to afford

rising living costs. In some cases, landlords may even pressure long-term tenants to leave so that they can convert their properties into short-term rentals. This displacement not only reduces the availability of affordable housing but also erodes the social fabric of the neighborhood.

3.4 Displacement of Long-Term Residents and Loss of Local Identity

The displacement of long-term residents is one of the most damaging consequences of gentrification driven by Airbnb. As housing becomes more expensive, many locals are forced to relocate to less desirable, more affordable parts of the city or even leave Marseille altogether. This displacement often affects marginalized communities the most, including low-income families, the elderly, and immigrants, who may have fewer resources to cope with rising housing costs. The loss of long-term residents can fundamentally alter the character of a neighborhood. In areas like Le Panier, once known for its tight-knit communities and cultural diversity, the influx of short-term tourists has changed the social dynamics. As more properties are rented out on a temporary basis, the sense of community and stability that long-term residents bring to a neighborhood diminishes. The transient nature of Airbnb guests, who stay for only a few days or weeks, means that these areas become less like residential neighborhoods and more like temporary tourist zones. This can lead to a loss of local identity, as the businesses, services, and cultural elements that once defined the neighborhood give way to those catering primarily to tourists.

3.5 Socio-Spatial Transformation and the “Touristification” of Neighborhoods

One of the most visible impacts of Airbnb-induced gentrification is the socio-spatial transformation of neighborhoods. As more properties are converted into short-term rentals, the needs and preferences of tourists begin to shape the development of the neighborhood. This “touristification” of urban areas often leads to the proliferation of businesses and services that cater specifically to tourists, such as souvenir shops, upscale restaurants, and bars, while displacing local businesses that serve the daily needs of residents. In Marseille, the Old Port and surrounding areas have seen an increase in tourist-oriented businesses, which can crowd out local establishments. As a result, long-term residents may find it more difficult to access essential services like grocery stores, schools, and healthcare facilities, which are gradually replaced by businesses focused on short-term visitors. This shift in the local economy not only alienates residents but also contributes to the commodification of the neighborhood, turning it into a space designed for consumption by outsiders rather than a living community for locals.

4. Conclusion

The expansion of Airbnb in cities like Marseille has become a significant driver of real estate speculation, fundamentally altering the housing market and the socio-economic landscape. In Marseille’s most popular tourist districts, such as the Old Port and Le Panier, the platform has contributed to rising property prices, reduced housing affordability, and the displacement of long-term residents. As this essay has explored, Airbnb’s impact on real estate speculation is closely linked to the platform’s capacity to transform properties into lucrative short-term rentals, which in turn creates incentives for speculative investors to enter the market, often at the expense of local residents and community cohesion.

4.1 Airbnb’s Contribution to Speculative Real Estate Investments

Airbnb has created an entirely new market dynamic by allowing property owners to capitalize on the tourism economy through short-term rentals. Investors, both local and foreign, have recognized the profitability of buying properties in tourist-heavy areas and converting them into Airbnb listings. This trend has been particularly pronounced in cities like Marseille, where tourism plays a central role in the local economy. The speculative nature of these real estate investments is driven by the potential for higher financial returns from short-term rentals compared to long-term leases. Investors are often willing to pay inflated prices for properties in desirable locations, betting on the sustained popularity of Airbnb among tourists. This has a direct impact on the overall real estate market, driving up property values in key areas and contributing to a speculative bubble. As prices rise, properties in neighborhoods once accessible to a broader range of residents become increasingly out of reach for the local population. This phenomenon is particularly troubling in cities like Marseille, where housing affordability has long been a critical issue for low- and middle-income families. The speculative nature of Airbnb investments encourages investors to treat housing as a commodity rather than a social good. Rather than fulfilling the traditional role of providing shelter, properties are increasingly viewed as financial assets to be traded and exploited for maximum profit. This commodification of housing erodes the primary function of real estate markets, which is to meet the housing needs of local residents.

4.2 Rising Property Prices and Reduced Housing Availability

One of the most visible consequences of Airbnb-induced real estate speculation is the rapid rise in property prices in areas with high tourist demand. In Marseille, as in other cities, the influx of investors looking to

purchase properties for short-term rental use has driven up prices in the city's most desirable neighborhoods. This has led to a ripple effect throughout the real estate market, as even properties that are not directly used for short-term rentals may see price increases due to the overall inflationary pressures created by speculative demand. Rising property prices have a direct impact on housing affordability for local residents. As prices increase, fewer locals are able to afford to buy homes in their own neighborhoods, leading to a widening gap between those who can capitalize on the Airbnb market and those who are priced out of it. This creates a dual housing market in which wealthy investors and tourists benefit from rising property values, while local residents struggle to find affordable housing options. The conversion of properties into short-term rentals also reduces the overall availability of housing for long-term residents. As more properties are taken off the long-term rental market to be used as Airbnb listings, the supply of rental housing shrinks. This reduction in housing stock pushes rents higher, particularly in popular tourist areas where demand from Airbnb users is strongest. For long-term residents, this means fewer affordable housing options, higher rents, and increased competition for the remaining housing units.

4.3 Gentrification and the Displacement of Long-Term Residents

The impact of Airbnb on real estate speculation and rising property values is closely tied to the broader process of gentrification. Gentrification occurs when wealthier individuals or investors move into a neighborhood, driving up property values and rents, and displacing lower-income residents. In Marseille, the growth of Airbnb has accelerated this process in many neighborhoods, particularly those that attract large numbers of tourists. As property prices and rents rise in neighborhoods like Le Panier and the Old Port, long-term residents are increasingly forced out of their homes. Many are unable to keep up with the rising cost of living in areas that have become dominated by Airbnb rentals and tourist-oriented businesses. This displacement not only affects individual residents but also contributes to the erosion of the social fabric of these neighborhoods. Communities that were once characterized by diversity and a mix of income levels become increasingly homogeneous, as only wealthier residents or tourists can afford to live there. The displacement of long-term residents is one of the most damaging consequences of Airbnb's role in real estate speculation. It undermines the stability of local communities and disrupts the social networks that have been built over generations. As residents are forced to leave their neighborhoods, they lose access to the services, schools, and community resources that are central to their daily lives. This displacement also contributes to the loss of cultural heritage, as neighborhoods that were once known for their unique identities become increasingly commodified and tailored to the preferences of tourists.

4.4 The Need for Policy Interventions and Further Research

Given the clear link between Airbnb's growth and real estate speculation in Marseille, it is evident that policy interventions are necessary to mitigate the platform's negative effects on the housing market and local communities. Local governments in cities like Marseille must take a more proactive approach in regulating short-term rentals to ensure that the needs of residents are prioritized over those of tourists and investors. Several cities around the world have already begun to implement policies aimed at curbing the negative impacts of Airbnb. For example, cities like Paris and Barcelona have introduced stricter regulations on short-term rentals, including limits on the number of days a property can be rented out on platforms like Airbnb, requirements for property owners to obtain permits, and higher taxes on short-term rental income. Marseille could adopt similar measures to protect its housing market and prevent further displacement of long-term residents. There is a need for further research into the long-term effects of Airbnb on urban housing markets. While there is a growing body of evidence linking Airbnb to rising property values, gentrification, and displacement, more detailed studies are needed to fully understand the scope and scale of these issues in cities like Marseille. Policymakers must base their decisions on comprehensive data and analysis to ensure that any regulations put in place are effective in addressing the underlying causes of real estate speculation and housing inequality.

Airbnb has undoubtedly played a significant role in shaping the real estate market in Marseille's tourist districts, contributing to speculative investment, rising property values, and reduced housing availability for long-term residents. The platform's success in creating a lucrative short-term rental market has encouraged investors to treat properties as commodities, driving up prices and displacing local communities. Without targeted policy interventions and further research, the negative consequences of Airbnb's expansion are likely to continue, with lasting impacts on Marseille's housing market and its residents. Local governments must act to strike a balance between fostering tourism and protecting the housing rights of their citizens to ensure that cities like Marseille remain livable for all.

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