

AIRBNB RESEARCH IN BUDAPEST: URBAN SMARTNESS, OVERTOURISM, AND PLATFORM ACCOMMODATION

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This study explores the interaction between the rise of Airbnb and the evolving smartness of Budapest's urban tourism ecosystem. Smartness is conceptualized as the city's adaptive and data-driven capacity to coordinate stakeholders, allocate resources efficiently, and foster collective learning across governance, market, and community domains. Drawing on theoretical insights from the literature on overtourism and platform economies, the research combines secondary statistical data with a primary survey of 300 respondents examining awareness, preferences, and perceived advantages and disadvantages of Airbnb accommodation. Findings indicate that affordability and location remain the dominant decision factors, while digital convenience, autonomy, and home-like amenities embody the "smart" attributes of platform-based lodging. Conversely, inconsistent quality and perceived commercialization reveal persistent governance gaps. The study concludes that advancing smart tourism in Budapest requires the integration of platform-generated data, transparent regulatory frameworks, and resident engagement mechanisms to mitigate negative externalities. These results align with Dávid and Bagdadi (2024), emphasizing that Central European destinations must synchronize technological, social, and environmental intelligence to achieve sustainable urban tourism development.

Keywords. Airbnb; urban smartness; Budapest; overtourism; platform economy; sustainability

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INTRODUCTION

A recurring question in tourism research concerns the factors shaping residents' attitudes toward tourism, as hospitality and harmonious host–guest relations form the

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foundation of a sustainable visitor economy. However, in destinations that experience high tourist concentrations, these relationships often become formalized or even strained. The sustainable development of tourism therefore requires the continuous support of residents and the active cooperation of local communities.

Previous studies focusing on residents' attitudes provide valuable insights for this research, as empirical analyses of local decision-makers' perceptions remain relatively scarce. Since decision-makers are simultaneously members of the local population occupying specific administrative positions, their opinions may not fully coincide with those of ordinary residents. Nevertheless, comparing these perspectives allows for a more nuanced understanding of community-policy interactions in tourism governance. Furthermore, awareness of residents' attitudes and the factors influencing them should inform local policy decisions aimed at sustainable tourism development.

According to the United Nations World Tourism Organization (UNWTO, 2018)¹, *overtourism* refers to "the impact of tourism on a given destination or part of it that negatively affects the quality of life of the residents and/or the visitor experience." Similarly, the Responsible Tourism Partnership defines it as a situation "where hosts and guests, locals and visitors feel that the quality of life or the visitor experience has deteriorated unacceptably." This condition stands in contrast to *responsible tourism*, which seeks to improve quality of life through tourism-based development.

HOTREC (2018)² identified five key factors contributing to the emergence of overtourism and explicitly linked the phenomenon to the proliferation of short-term rental platforms such as Airbnb, as well as to the growth of backpacker tourism. Despite the UNWTO's seven strategic guidelines formulated during its 2018 Seoul Conference to manage visitor influxes, these measures have largely failed to resolve the issue.

The most emblematic cases of overtourism are observed in destinations characterized by spatial limitations and mature tourism markets such as the Colosseum in Rome or Spain's Benidorm coastline. Although the term is most often associated with urban contexts, overtourism is shaped by a variety of economic, technological, and sociocultural drivers that extend beyond tourism itself. As Dodds and Butler (2019)³ argue, the trend reflects broader unsustainable narratives driven by economic globalization and social mobility.

First, increased ease of travel facilitated by relaxed migration policies, airline liberalization, and the rise of low-cost carriers has accelerated visitor flows, particularly for short-term city breaks⁴. Second, online accommodation platforms have transformed travel behavior by providing easy access to a wide range of short-term rentals, thereby exerting upward pressure on urban real estate markets. Third, the reconfiguration of urban environments around experiences and creative leisure pursuits has elevated tourism's role in shaping perceptions of quality of life.

Finally, digital technologies now offer immediate, high-quality access to information, reinforcing travelers' autonomy and independence⁵.

Hall and Rath (2007)⁶ suggest that the symbolic manipulation of destination images and the portrayal of exceptionally high living standards contribute to the re-evaluation of urban environments in the context of globalization. Residents and tourists increasingly share and compete for the same spaces, blurring traditional distinctions between host and guest. On the positive side, residents may benefit from multicultural exposure and the revitalization of heritage sites, which can enhance local pride and place identity.

Conversely, rapid tourism growth can generate negative social and environmental consequences. Traditional values may erode among younger generations, while the predominance of low-skilled seasonal employment can undermine service quality and the destination's reputation. Tourism-driven inflation increases the cost of living in key areas, and infrastructural systems particularly transportation become overloaded. Air, noise, and light pollution also intensify, exacerbating tensions between residents and visitors⁷.

In sum, overtourism describes destinations where both residents and tourists perceive excessive visitation that diminishes the quality of life and visitor experience distinguishing it from mass tourism by emphasizing its experiential and perceptual dimensions.

1. STATISTICAL INDICATORS OF BUDAPEST TOURISM

Tourism in Budapest continues to represent a major pillar of Hungary's national visitor economy. Although visitor numbers have fluctuated over the past decade, the overall trend indicates sustained growth. Following a sharp downturn in 2020 due to the global COVID-19 pandemic and associated travel restrictions, both tourist arrivals and overnight stays began to recover in 2021–2022, reaching near pre-pandemic levels by 2023. This rebound demonstrates the resilience and adaptive capacity of the Hungarian tourism sector particularly Budapest during crises⁸.

According to data from the Hungarian Central Statistical Office (KSH, 2024) and the UNWTO, approximately 6.2 million tourists visited Hungary during the summer months of June, July, and August 2023. The majority of these visitors were concentrated in Budapest, reaffirming its dominant position as the country's primary tourism hub. The city's rich historical and cultural heritage, combined with diverse summer attractions such as river cruises, open-air festivals, and culinary events, underpins this seasonal concentration. Tourism revenues have followed a similar upward trajectory, with total travel and tourism income projected to reach USD 1.55 billion by the end of 2023. This increase highlights Budapest's growing contribution to national economic performance and employment, particularly across the accommodation, gastronomy, cultural, and transportation sectors.

Between 2014 and 2019, Hungary experienced steady growth in inbound tourism, with continuous rises in both arrivals and overnight stays. The 2020 pandemic caused an unprecedented contraction, but subsequent years have shown a consistent recovery. Projections for 2024 suggest that Budapest will likely surpass its pre-pandemic record in both visitor numbers and revenue, supported by sustained infrastructure investments and global promotional efforts.

Budapest's economic dynamism is strongly intertwined with its tourism performance. Employment in hospitality, catering, and transport has increased steadily since 2022, strengthening the city's service economy. Reports indicate that nearly 46 million visitors engage with Budapest's tourism ecosystem annually, placing the city among Europe's leading urban destinations. Iconic attractions such as the Buda Castle District (a UNESCO World Heritage Site), the Hungarian Parliament Building, the Széchenyi Thermal Baths, and the M1 Underground Europe's oldest metro line remain central to its touristic appeal.

The city's tourism growth is not solely quantitative but also qualitative. Investment in luxury, gastronomy, and cultural tourism has diversified visitor experiences and enhanced competitiveness. Budapest's culinary scene, rooted in traditional Hungarian cuisine and revitalized through contemporary gastronomy, has become a distinct driver of destination branding. Similarly, a wide array of cultural events, concerts, art festivals, and international congresses position the city as both a leisure and business tourism center.

Statistical data also reveal Budapest's strong regional appeal. The largest source markets are neighboring countries, reflecting proximity, cultural ties, and accessible transport links. Slovakia ranks first, with approximately 9.1 million visitors annually, followed by Germany (7.5 million), Austria (6 million), Serbia–Montenegro (2.7 million), and Romania (1.2 million). These flows highlight Budapest's function as a Central European tourism hub, where cross-border travel and short-haul mobility sustain year-round visitation.

The diversification of tourism products further contributes to sustainability. Beyond traditional cultural and historical tourism, Budapest offers experiential activities such as grape-harvest excursions, horseback-riding, and cycling tours, broadening its appeal to different demographic and psychographic segments. The integration of heritage preservation with modern urban development enables the city to balance authenticity and comfort, providing an environment where visitors can enjoy both cultural depth and high-quality infrastructure.

Overall, Budapest's tourism sector demonstrates strong adaptive growth supported by continuous investment, diversified offerings, and regional connectivity. These trends suggest that the city is well positioned to maintain long-term competitiveness and sustainable development within the Central European tourism landscape.

2. THE SITUATION OF HOTELS AND AIRBNB ACCOMMODATION IN BUDAPEST

In Budapest, short-term rental platforms particularly Airbnb have emerged as major competitors to traditional hotel establishments. The proliferation of private apartments and hostels has significantly reduced the number of guests and overnight stays in lower-tier hotels, particularly within the one-, two-, and three-star categories. The decline was so substantial that, by 2012, the Central Statistical Office (KSH) discontinued separate data collection for one- and two-star hotels due to their diminishing market relevance.

When considered without star classification, the total number of foreign visitors to Budapest hotels displays a strong upward trend. Between 2010 and 2024, foreign arrivals increased by approximately 1.3 million. Although the average length of stay (2.5 nights) remains below the national average, the total number of overnight stays by international tourists has nearly doubled within this period, underscoring the city's growing attractiveness for short-term urban visits.

Alternative accommodation types especially private rentals and platform-based lodging have experienced even more rapid expansion. Compared to 2010, both the number of foreign guests and the volume of overnight stays in these accommodations have almost doubled. The average length of stay peaked in 2012, reaching levels comparable to those in leading international tourism destinations. Domestic tourism within alternative accommodations has also expanded substantially, with 2024 marking an exceptional year often interpreted as the beginning of Budapest's *overtourism* phase. However, the average stay among domestic visitors has gradually declined to align with the national average, indicating a trend toward shorter and more frequent city breaks.

The number of operational commercial accommodations has grown markedly since 2010. Including the 15 hotels currently under development, Budapest will have opened 56 new hotels in the past nine years. The total number of rentable rooms is projected to reach approximately 24,000 by the end of 2024, reflecting an increase of 5,000 rooms compared to 2022 a growth closely linked to the city's expanding tourism intensity.

According to the Central Statistical Office (KSH), the category of "other accommodations" currently includes 13,885 rooms, of which roughly 9,000 are Airbnb listings and 4,885 belong to apartment houses (Hungarian Hotel and Restaurant Association, 2023). Complementary studies (Jancsik, Michalkó & Csernyik, 2018) identify an even larger scale, estimating 19,498 Airbnb units operated by approximately 10,576 hosts in Budapest. A portion of these listings remains unregistered with local authorities; however, the implementation of the National Tourism Data Supply Centre (NTAK) registration system by late 2019 introduced new regulatory obligations for all short-term rentals under the Hungarian Tourism Agency's oversight.

Since 2010, the number of available units, rooms, and hosts in the short-term rental market has grown dynamically, with a particularly sharp increase observed since 2023 corresponding with the measurable onset of overtourism effects. The coexistence of traditional hotels and digital platform accommodations in Budapest thus represents not merely competition, but a structural transformation of the city's hospitality ecosystem. While hotels continue to serve as the foundation of regulated tourism infrastructure, the expansion of Airbnbs reflects both the opportunities and governance challenges of the platform economy within an increasingly saturated urban tourism market.

3. AIRBNB RESEARCH

The questionnaire survey was completed by 300 respondents. Among them, 50% identified themselves as living in family households, 25% as single, and 25% as being in a relationship, ensuring proportional representation of different household structures within the general population.

Despite Airbnb's global visibility, 65% of respondents indicated that they were unfamiliar with the term. When prompted, most associated it with "apartments," "key houses," or "guesthouses," suggesting limited public awareness and conceptual ambiguity surrounding platform-based accommodation. Many respondents also linked Airbnb to the broader notion of "experience," while others evoked nostalgic or stereotypical images from Hungarian popular culture such as *Zimmer Feri* or the resorts of Balaton and Hévíz indicating that Airbnb is often perceived through the lens of traditional domestic tourism rather than digital innovation.

When asked about the perceived characteristics of "other accommodations," respondents most frequently mentioned functionality, affordability, and basic amenities such as sleeping and hygiene facilities. These associations emphasize the perception of Airbnb as a utilitarian service offering independence and simplicity rather than luxury or brand recognition.

Among users with prior Airbnb experience, service quality and location ranked highest as selection criteria, followed by price. Brand reputation and ancillary services were rated as least important. This hierarchy of factors aligns with the defining characteristics of the Airbnb model affordability, locality, and self-service convenience provided that minimum quality standards are maintained.

Price sensitivity emerged as a dominant behavioral factor: all respondents indicated that they would consider alternative accommodations if the price were appropriate. Quality was described as a prerequisite for choice rather than a differentiator. Although the majority rated current Airbnb quality as "good," relatively few considered it "excellent," reflecting a moderate satisfaction level and highlighting the need for regulatory measures to ensure consistent service standards. Respondents also expressed willingness to pay higher prices up to twice the current rate for demonstrably superior quality under transparent and organized market conditions.

When asked to justify their preference for Airbnb over hotels, respondents cited affordability and limited hotel availability as primary motivations. Additional reasons included greater comfort, enhanced facilities such as cooking and laundry, suitability for families with small children, a friendlier atmosphere, and freedom from rigid hotel schedules. These findings suggest that Airbnb's value proposition lies in perceived flexibility, home-like amenities, and autonomy qualities that appeal particularly to longer stays and family-oriented travelers.

Regarding booking behavior, 85% of participants reported arranging their Airbnb stays independently through online platforms, while 15% used intermediary agencies. This pattern underlines the dominant role of digital channels and the limited market relevance of intermediated accommodation booking.

Most respondents indicated that they would use Airbnb for short stays of several days to one week, reflecting slightly longer average durations compared to hotel stays. The preferred price range was 3,000–4,000 HUF per person per night, corresponding to the rate of organized accommodation; one-quarter of respondents were willing to pay up to 5,000–6,000 HUF if quality was demonstrably higher, but none expressed willingness to exceed the average hotel price of 7,000 HUF.

Overall, Airbnb services received a positive evaluation. Price and accessibility were rated highest, whereas information provision, booking process, and customer service were evaluated less favorably. A total of 86.7% rated the overall quality as “good.”

Stereotypical associations from *Zimmer Feri* resurfaced in qualitative responses: although respondents acknowledged improvements in cleanliness and hospitality, they continued to perceive certain hosts as overly profit-driven, insistent, and linguistically limited attributes that perpetuate outdated images of unprofessional service.

Respondents generally described Airbnb hosts' appearance and manners as neutral, but characterized their financial situation and educational attainment as modest. When evaluating Airbnb as a product, participants judged aspects such as style, interior design, marketing communication, and promotional strategy as inadequate, while acknowledging satisfactory performance in meeting basic needs and offering reasonable pricing.

In the image-selection task, 80% of respondents identified a city-center apartment as representative of Airbnb, 20% chose a modern Budapest apartment, and none selected suburban or non-urban options. For interior photographs, hostel-style images were preferred by 46.2% of respondents, while only 15–23% selected alternative options. Half of the respondents were confident in their choices, and only 12.5% reported confusion between Airbnb and hotel images, confirming a generally clear visual distinction between the two accommodation types.

Advertising perception analysis revealed that respondents primarily associated Airbnb promotion with digital channels personal or third-party websites and international online platforms. While the visual quality of typical Airbnb advertisements was rated as “good” or “above average,” their style was often described as “monotonous,” “outdated,” or “low-cost.” The majority expressed support for more modern, homely, and professionally designed promotional content. Interestingly, a small minority (2%) rejected such modernization, arguing that high-end design is characteristic of hotels rather than alternative accommodations.

At the conclusion of the survey, respondents summarized the perceived advantages and disadvantages of Airbnb. The main advantages included affordability, uniqueness, and its role as a viable alternative to hotels and guesthouses. The most commonly cited disadvantages were cost-oriented design, excessive commercialism, and lack of professionalism. The researchers interpret these findings as evidence of an evolving yet incomplete transformation of public perception: while respondents generally recognize Airbnb’s value and accessibility, lingering stereotypes about informality and quality inconsistency continue to shape its image in Budapest’s accommodation landscape.

4. CONCLUSION

The findings of this study reveal that Budapest’s tourism ecosystem is entering a phase of structural imbalance characterized by capacity saturation, product segmentation challenges, and governance gaps. The four-star hotel segment continues to exhibit resilience, with occupancy levels approaching saturation even during off-peak months such as January. By contrast, five-star luxury hotels maintain lower performance levels, suggesting that the development of high-value tourism segments particularly conference, business, and event tourism remains essential for revitalizing this tier. The rise of Airbnb and similar short-term rental platforms has intensified competition within the lower hotel categories, particularly among one- and two-star establishments, while three-star hotels represent a transitional zone where strategic differentiation could still prevent long-term stagnation.

Future competitiveness of Budapest’s hospitality sector will depend on the creation of distinctive experiential value. Unlike hotels, Airbnb accommodations lack the capacity to host large-scale events (e.g., weddings, conferences) or to provide in-house specialized services such as wellness, concierge, and medical amenities. This inherent limitation underscores the importance of cultivating unique experiences and service innovation within traditional hotels.

Similar to other major global destinations, overtourism has emerged as a critical challenge in Budapest. Overloaded infrastructure, high visitor density, and resource depletion threaten not only visitor satisfaction but also local quality of life. Policy responses must therefore move beyond capacity expansion and adopt sustainable demand management approaches. Emphasizing environmental stewardship

and targeting a smaller, higher-spending visitor segment could provide a long-term strategy for balancing economic vitality with ecological sustainability. A comprehensive, environmentally conscious business strategy can simultaneously enhance guest satisfaction, reduce operational costs, and strengthen competitiveness within an increasingly saturated market.

Large international hotel chains face distinct constraints and opportunities in this transformation. Global brand standards often fail to accommodate local market realities, and resource allocation for sustainable initiatives may be uneven. Nevertheless, such chains possess the potential to influence global industry norms through corporate social responsibility (CSR) and sustainability-driven innovation. The example of the Holiday Inn Express initiative donating the cost savings from declined room cleaning to charity illustrates the powerful intersection of environmental protection and social responsibility.

Financially robust hotel groups are particularly well positioned to lead sustainable change. Loyalty programs, for instance, can incentivize environmentally responsible guest behavior through reward mechanisms such as bonus points for sustainable actions. By embedding sustainability into brand identity and guest interaction, large hotel chains can amplify awareness and behavioral change across vast consumer networks.

Ultimately, the transformation of Budapest's hospitality sector requires coordinated efforts among public authorities, private stakeholders, and platform operators. Integrating environmental responsibility, digital governance, and visitor management into a unified strategy will be essential for ensuring that tourism growth remains both competitive and sustainable. As overtourism pressures intensify, Budapest's future success will depend on its capacity to transition from volume-based growth toward value-driven, intelligent, and ecologically balanced tourism development.

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