

Real Estate

Law 5170/2025: A New Era for Short-Term Rentals- Operational Standards, Compliance, and Sustainability



Law 5073/2023 established a clear taxation framework, distinguishing professional activity from occasional private use in the short-term rental sector. However, until now, the regulation of short-term rentals under Law 4446/2016 made limited progress in defining specific and concrete standards for these accommodations. Consequently, the absence of such standards underscored the pressing need for comprehensive legislative measures to address the challenges and ensure the sector's proper regulation and sustainable development.

Under the new law 5170/2025, significant emphasis is being placed on the establishment of a comprehensive framework of operational standards specifically tailored for short-term property rentals. This legislative shift underscores the recognition of these rentals as a crucial and rapidly expanding component of the domestic tourism industry, playing an increasingly vital role in supporting economic growth and meeting the evolving needs of travelers. At the same time, it worth to mention that the regulatory

measures introduced by the Ministry of Tourism's proposed legislation stands as a respond to the long-standing demands from the hotel industry, which has consistently voiced concerns about unfair competition arising from the unregulated proliferation of short-term rentals.

In addition to addressing operational aspects, the new law aligns with broader European trends by emphasizing the importance of sustainability within the short-term rental sector. It seeks to promote practices that not only enhance environmental stewardship but also minimize the negative social and ecological impacts associated with such accommodations. By doing so, the law aims to ensure that the growth of this market contributes positively to local communities and aligns with long-term sustainability goals.

Regulatory Framework

Operational Standards

The new law introduces in article 3 a comprehensive set of minimum operational and safety standards for short-term rental properties, aiming to ensure both the safety and comfort of the individuals staying in these accommodations. In particular, the law mandates that properties must be designated as primary-use spaces in accordance with the New Building Regulation (Article 2, Paragraph 95 of Law 4067/2012), ensuring that the spaces are suitable for residential purposes. Additionally, each property must be equipped with adequate natural lighting, proper ventilation systems, and air conditioning, providing a comfortable living environment for guests. To further protect guests, properties must carry liability insurance to cover any potential damages or accidents that may occur during a stay. Moreover, to guarantee safety, an electrical installation certificate from a licensed electrician is required, confirming that the property's electrical system meets safety standards. Fire safety is also a priority, with the law stipulating the provision of fire extinguishers, smoke detectors, and clear emergency exit signs, ensuring that guests are well-prepared in the event of an emergency. Furthermore, each property must maintain a valid pest and rodent control certificate, ensuring a safe and hygienic environment for guests. Finally, properties are required to provide a first aid kit, ensuring that any minor medical needs can be promptly addressed. These standards are designed to elevate the quality of short-term rental

accommodations, ensuring they meet both regulatory requirements and market expectations for safety, comfort, and professionalism.

Inspection Procedure

In order to verify compliance with the aforementioned operational and safety standards, the law establishes a clear procedure for conducting on-site inspections of short-term rental properties. These inspections will be carried out by the Ministry of Tourism's designated services, in cooperation with mixed inspection teams that will also include personnel from the Independent Authority for Public Revenue (A.A.D.E.). The rental properties that are subject to inspection will be the registered on a special platform managed by A.A.D.E., ensuring proper documentation and transparency regarding the properties being rented out.

Before an inspection is conducted, the property manager or owner will be notified in advance, with a minimum notice period of ten (10) days. This advance notice will be communicated through appropriate channels to ensure the property manager is fully aware of the scheduled inspection. It is important to note that the law grants inspectors the authority to request the assistance of Greek Police officers if they deem it necessary during the inspection process. This cooperation with the police adds an additional layer of authority and security to the inspection process, ensuring compliance with all legal requirements.

Fines

In paragraph 5, it is stipulated that an administrative fine of five thousand (5,000) euros will be imposed on property managers in cases where any of the specified standards are not met, where inspections are obstructed, or where the offender fails to comply with the prescribed standards within fifteen (15) days. However, it remains unclear whether this fine applies uniformly for any failure to meet the specified standards, provided that all subcategories under the same requirement are cumulatively unmet, or if the fine amount varies depending on how many specific categories are violated. For example, if the property is found lacking or insufficient in terms of the first aid kit and also does not have valid pest control certification, it is uncertain whether the fine remains the same or is increased due to the failure to meet two criteria. This lack of clarity raises concerns about the proportionality of the fine and how it would be applied in cases of partial non-compliance with the specified standards.

Risks of Operational Standards

A significant issue that arises from the legislative provisions concerns the requirement for properties used in short-term rentals to be classified as primary-use residential spaces. This requirement poses challenges for properties that were purchased and renovated after 2011 but were registered in tax records (E9) as auxiliary spaces, such as storage areas, basements, or other non-residential uses. These properties will no longer be eligible for short-term rental unless they were already classified as primary-use residential spaces at the time of purchase. This restriction particularly affects former industrial, commercial, and manufacturing buildings, as well as warehouses and basements, which were previously converted into rental units but do not meet the newly mandated standards. Consequently, such properties may be entirely excluded from platforms like Airbnb, effectively removing them from the short-term rental market. This shift could lead to a significant reduction in the availability of rental properties, especially in urban areas where such conversions have been common.

Furthermore, the law itself introduces a problematic situation in the establishment of the aforementioned regulation. Specifically, in Article 5, it stipulates that through ministerial decisions, the entire operational framework for short-term rental accommodations can be modified. This includes the possibility to modify the specifications, define the methods for conducting inspections, and determine the enforcement bodies for penalties. Additionally, any other issue related to the implementation of the article for short-term rental accommodations can be regulated by ministerial decision. This provision essentially undermines the credibility and binding nature of all the specifications outlined in the law, as discussed above. It creates significant uncertainty by allowing changes to critical aspects of the framework without direct legislative oversight. Notably, before this amendment, the article only allowed ministerial decisions to alter the "health and safety" specifications of the provisions, which further emphasizes the scope and impact of this broader change.

Beyond this limitation, ensuring compliance with the remaining newly introduced standards presents another layer of challenges. While some of these requirements may be considered straightforward, their implementation comes with considerable financial costs. For instance, upgrades to meet safety and operational specifications, such as installing fire safety equipment, obtaining certifications, or modifying spaces to meet

ventilation and lighting requirements, can be prohibitively expensive. These costs add to the financial strain already imposed by recent tax measures targeting short-term rental activities, creating a compounded economic burden for property owners.

Deadlines

The law sets specific timeframes for the market to adjust to the newly established requirements for short-term property rentals. These adjustments must be made by October 1, 2025, providing a clear deadline for property owners and managers to ensure compliance with the updated regulations, which is different from the timeline set for the rest of the legislation (January 21, 2025). This creates a somewhat staggered implementation timeline, where the short-term rental market has a few more time to align with the new rules, while the rest of the legislation is already in force. As such, stakeholders in the industry must be aware of these differing timelines in order to plan and execute the necessary changes effectively and in a timely manner.

Conclusion

The introduction of regulation aimed at overseeing properties and establishing a system of violations and penalties signifies a much stricter framework for the tourism and hospitality industry. This shift, however, has been met with limited enthusiasm from industry stakeholders. The responses from the Short-Term Accommodation Managers Association of Greece (STAMA Greece) regarding the content of these regulations indicate that a legal challenge may be forthcoming with different legal provisions. They actually claim that there is a real possibility that they may appeal to the Council of State (CoS), which could potentially disrupt the completion of the legislative process as currently outlined.

On a broader scale, it is evident that properties available for short-term rentals have become the focal point of legislative scrutiny, with the lawmaker turning its attention to regulating this rapidly growing segment of the market. This has led to a sense of uncertainty among private property owners and managers in the hospitality and tourism sectors, as they await further developments and clarifications on the matter.

In light of these ongoing changes, industry players must remain proactive by closely monitoring legislative updates. It is crucial for them to stay informed, ensuring they have the necessary support to navigate the complexities of compliance and the finer

details of legal implementation. Failure to do so could result in misalignment with the evolving legal landscape.

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