



26th July 2019
The Secretary
Select Committee on Housing Affordability
House of Assembly
Parliament House
HOBART TAS 7000

Dear Committee Members,

Thank you for the opportunity to provide a submission to the House of Assembly Select Committee on Housing Affordability.

In this submission we have sought to provide a short background about Airbnb and our community, and then to specifically address the Select Committee's terms of reference.

Executive Summary

- Airbnb's community continues to support the growth of the visitor economy in Tasmania, by providing more choice of accommodation for consumers in more locations across a variety of price points.
- Airbnb's community is an important contributor to the Tasmanian economy. The latest research shows that in one year alone, Airbnb guests who stayed in Tasmania spent \$86 million, which supported 599 jobs and contributed \$55 million to Gross State Product.
- Airbnb plays a crucial role in helping people remain in their homes and communities by providing them with the ability to supplement their income by turning their greatest asset – their own home - into an income generating engine.
- Housing policy is a complex public policy issue and given this complexity, any mature and prudent debate must look at the real drivers of affordability, including market factors, demographic changes, and policies across Commonwealth, State and local governments.
- Locally, Airbnb is not a significant factor in the local housing market. In 2018, total active entire home listings shared for greater than 180 nights

per year represented less than 0.25 per cent of Tasmania's entire housing market. Refining this further, in Greater Hobart, the total number of entire home listings booked for greater than 180 days was just 0.25 per cent of the housing market.

About Airbnb

Founded in 2008, Airbnb exists to create a world where anyone can belong anywhere, providing healthy travel that is local, authentic, diverse, inclusive and sustainable. Airbnb uniquely leverages technology to economically empower millions of people around the world to unlock and monetise their spaces, passions and talents to become hospitality entrepreneurs. Airbnb's accommodation marketplace provides access to 6+ million unique places to stay in 100,000+ cities and 191 countries and regions. With Experiences, Airbnb offers unprecedented access to local communities and interests through 40,000+ unique, handcrafted activities run by hosts across 1,000+ markets around the world. Airbnb's people-to-people platform benefits all its stakeholders, including hosts, guests, employees and the communities in which it operates.

The Airbnb community in Tasmania

Airbnb has continued to grow into a significant presence in Tasmania, and it plays an increasingly vital role in the visitor economy. The Airbnb Homes platform is used by a broad spectrum of hosts, ranging from people who make extra income from sharing space in their own homes, to the long established holiday letting industry, and even to traditional accommodation providers who increasingly list their businesses on our platform. The Airbnb Experiences platform is used by hosts who are creatives, artisans, and small businesses as an online platform to share their passion with the world and unlock their time and potential to create new economic activity.

We have a large community of people across Tasmania for whom sharing their home is now part of their lifestyle. The sharing economy helps to build resilient communities where locals can create supplemental income, and robust economies that are supported by increased visitation and spending by Airbnb guests - often in areas that do not traditionally benefit from the tourist dollar. This is especially important in regional communities which may not have adequate traditional accommodation infrastructure to support the visitor economy, or may not be able to attract investment to

build new accommodation for the growing visitor economy. In the past twelve months to 1st June 2019, our Homes community welcomed over 422,800 guests across the state — both domestic and international travellers¹ — in 5,600 active Airbnb listings in Tasmania.²

Importantly, Airbnb plays a crucial role in helping people remain in their homes and communities by providing them with the ability to supplement their income. In 2017, 50 per cent of Airbnb hosts in Tasmania said that sharing their spaces on our platform helped them afford to stay in their homes, 45 per cent said they used their Airbnb earnings to make ends meet, and 20 per cent of hosts said their Airbnb earnings went directly to their housing costs, such as paying their mortgage or rent.³

Airbnb's contribution to the Tasmanian economy

The growth and mainstream adoption of home sharing is leading to fundamental changes in how people travel and experience destinations, opening up possibilities to build a robust and resilient visitor economy. These trends are resulting in increased travel, increased spending, and increased engagement with different parts of a city than visitors have typically visited.

Airbnb's community is an important contributor to the Tasmanian economy. A recent report by Deloitte Access Economics — *Economic effects of Airbnb in Australia: Tasmania* — found that Airbnb guests who stayed in Tasmania spent \$86 million, which supported 599 jobs and contributed \$55 million to the State's GSP. In the greater Hobart region alone, Airbnb guest spending supported 417 jobs, supporting local businesses throughout the city, including areas that would not ordinarily benefit from the visitor economy.⁴

Importantly, in contrast to traditional mass tourism, Airbnb spreads the benefits of tourism to the places and communities that have traditionally

¹ Estimated from Airbnb internal data.

² From Airbnb internal data.

³ Airbnb host survey data. This survey was conducted in January 2017 with 286 survey respondents.

⁴ Deloitte Access Economics 2017, *Economic Effects of Airbnb in Australia: Tasmania*, p. 5.

missed out. Airbnb's report, *Beyond Cities: How Airbnb supports rural revitalisation*, found our community's growth was driving the revitalisation of regional communities without the cost or delay of having to build any new accommodation, attractions, or amenity. In Australia, a majority of unique Airbnb listings and a majority of guest arrivals are in regional areas. Airbnb hosts in regional Australia earned \$287 million in income in 2016 and welcomed more than 1.7 million guests into their homes.⁵ In Tasmania, nearly 60 per cent or two-thirds of Airbnb's listings in the state are outside inner-city Hobart and Launceston. \$27.3 million of the \$86 million that Airbnb guests spent in 2015-16 was outside of the Hobart area, directly supporting Tasmania's regional and remote communities.⁶

Airbnb is proud to be playing a key role in supporting Tasmania's visitor economy and attracting more visitors to the state through our community who provide a wide range of choices across all price points and in locations across Tasmania. With Tasmania's visitor economy continuing to grow at or around three per cent per year,⁷ Airbnb plays a vital part in providing accommodation for visitors to Tasmania. Airbnb also provides important additional accommodation capacity for the visitor economy during specific events, such as this year's Dark Mofo when more than 6,000 guests stayed with an Airbnb host during the event.⁸

We take our role as an end-to-end travel platform and driver of regional economic growth seriously. We will continue to do all we can to work collaboratively with the Tasmanian Government to ensure that Airbnb and our community provide benefits to the Tasmanian visitor economy and communities.

Airbnb and the housing market

⁵ Airbnb 2017, *Beyond Cities: How Airbnb supports rural revitalisation*, pp.15-17, <https://press.airbnb.com/en-au/beyond-cities-australia/>.

⁶ Deloitte Access Economics 2017, *Economic Effects of Airbnb in Australia : Tasmania*, p. 24.

⁷ Tourism Tasmania March 2019, *Tourism Snapshot: year ending March 2019*, Tourism Tasmania, March 2019, p.1, https://www.tourismtasmania.com.au/_data/assets/pdf_file/0011/80975/2019-Q1-Tasmanian-Tourism-Snapshot-March-2019.PDF.

⁸ Estimated from Airbnb internal data. <https://www.themercury.com.au/entertainment/dark-mofo-2019-airbnb-expects-huge-numbers-in-hobart-for-festival/news-story/6a64477716abc7583d9454bd8db0aa52>.

Housing policy is a complex public policy issue and Airbnb welcomes the opportunity to place short-term rental accommodation into context. Given the complexity of housing markets, any mature and prudent debate must look at the real drivers of affordability, including market factors such as demographic change, economic circumstances of households, and construction costs, as well as holistically consider policies across Commonwealth, State and local governments.

Despite our integral role in the Tasmanian visitor economy, Airbnb's role in the broader Tasmanian housing market is minimal. The vast majority of Airbnb hosts are local Tasmanians looking to supplement their income by sharing their own home and primary place of residence. For many of these hosts, sharing their space and making extra income is an economic lifeline.

In 2018, across Tasmania total active entire home listings shared for greater than 180 nights per year represented less than 0.25 per cent of Tasmania's entire housing market. Refining this further, in Greater Hobart, the total number of entire home listings booked for greater than 180 days was just 0.25 per cent of the housing market.⁹

To put that in perspective, the 2016 Census recorded 8,800 unoccupied private dwellings, representing 9.3 per cent of total housing stock in Greater Hobart. This equates to close to 40 times as many unoccupied private dwellings in Greater Hobart as there are Airbnb entire home listings booked for greater than 180 days.¹⁰ Upon looking more closely at the available data, it's clear that Airbnb's community of hosts are not a significant driving force behind housing affordability issues in Tasmania.

In considering Airbnb's role in the housing market, it's important to understand that an "entire home listing" is not always equivalent to a stand-alone dwelling. For example, it could be a granny flat or self-contained space adjacent to or within an existing house. It will not always be the sort of space that policy-makers would regard as a dwelling available to rent on

⁹ Self-reported data by hosts, from Airbnb internal data.

¹⁰ https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/6GHOB?opendocument. The Census figures from 2016 are compared to Airbnb internal data from 1st January 2019. As such, it is likely that the percentage figures quoted overestimate Airbnb listings as a percentage of the housing stock given more homes would have been constructed since the collection of the Census.

a long-term basis to a tenant in the traditional sense. Rather, it is space within the host's primary home which is used from time-to-time by visiting friends or family.

An individual or family's primary place of residence will also appear as an "entire home listing", even when it is only listed for a short period, for example while they are travelling and chose to list their home on Airbnb for the period they are absent. Additionally, within the Airbnb platform, "entire home listings" can also include hotels and other traditional accommodation providers who are increasingly using the Airbnb platform to list their accommodation inventory.

It's important to note that legislation which passed the Parliament earlier this year — the *Short Stay Accommodation Act 2019* — will require all online booking platforms, including Airbnb, to collect and report to the Government data regarding short-stay accommodation across Tasmania. Airbnb is supportive of this approach by the Tasmanian Government which retains the planning approach adopted by the Government, but which allows policy-makers to better understand the short-stay accommodation market and enforce compliance against the planning framework.

It is worth the Committee noting research which has been conducted into placing Airbnb in the context of the housing market. In 2018 Airbnb commissioned SGS Economics and Planning — a trusted, respected, and independent research and analytics firm — to examine the impact of Airbnb on the housing markets in Australia's two largest cities — Melbourne and Sydney. Prior to the release of this report, no detailed analysis had been completed in Australia utilising Airbnb's own data sets to better understand how Airbnb's community is placed in the context of housing markets, specifically housing affordability. The report found that: "Broadly, in Sydney and Melbourne, it is not financially beneficial to host a property on Airbnb instead of renting to a long-term tenant". The report concluded that: "The impact of Airbnb on the housing markets in Sydney and Melbourne appears to be minimal."¹¹

¹¹ SGS Economics and Planning 2018, *What impact does Airbnb have on the Sydney and Melbourne housing markets?*, p. 5.

Importantly, unlike other commentary and analysis in this area, this research has relied upon Airbnb's own data sets to provide insight into the nexus of Airbnb and the broader housing market. Whilst the experiences of Sydney and Melbourne are not directly comparable to that of Hobart or Tasmania more broadly, the analysis undertaken on the issue shows that Airbnb is not having an adverse impact on the affordability of the housing market in two the largest markets for Airbnb nationally.

Population growth key driver of rental demand

By far the biggest driver of rental demand in Tasmania — particularly Hobart — has been the state's rapid (and largely unplanned for) population growth. The latest statistics indicate that the state's population growth in the past few years shows no sign of waning and indeed, is continuing to increase.

The Tasmanian Government has recently released an information paper — *Housing rental market trends in Tasmania - analysis of recent trends and assessment of data quality* — to summarise the housing market context. This paper outlines the key demand and supply side factors driving the decreasing vacancy rates and increasing rental prices. According to this paper, the contributing factors in Hobart since late 2016 are: “high rates of employment growth in the Hobart and South East region; steady population growth in the Hobart region; and increasing house prices”.¹² The paper also notes the need for more information on the short-stay accommodation sector to assist policy-makers in “better understanding the effect, if any, of trends in that short-stay accommodation on the long-term rental market in Tasmania”.¹³ As noted above, Airbnb is supportive of the Government's approach to collect this information through the *Short Stay Accommodation Act 2019* which will provide a comprehensive overview of the sector to inform evidence-based decision making.

¹² Department of Treasury and Finance, Government of Tasmania June 2018, *Housing rental market trends in Tasmania - analysis of recent trends and assessment of data quality*, p.ii, <https://www.treasury.tas.gov.au/Documents/Housing%20Rental%20Market%20Trends%20-%20Information%20Paper.pdf>.

¹³ Department of Treasury and Finance, Government of Tasmania June 2018, *Housing rental market trends in Tasmania - analysis of recent trends and assessment of data quality*, p.ii, <https://www.treasury.tas.gov.au/Documents/Housing%20Rental%20Market%20Trends%20-%20Information%20Paper.pdf>.

In the three months to December 2018, Tasmania's population increased by 0.31 per cent or 1,657 people, with an increase of 6,500 people over the previous year — the fastest population growth Tasmania has recorded in 30 years.¹⁴ The drivers behind this demographic change are complex and multi-faceted, including macro-economic forces at the national level which are affecting affordability in other capital cities and lifestyle factors attracting people to choose Tasmania as their new home.

The majority of the state's population growth to June 2018 has been in Hobart and the South East region. The most recent population analysis by the Tasmanian Department of Treasury and Finance states that: "Over the past decade, this region has grown at a faster rate than the other two regions, contributing the majority of growth at a state-level".¹⁵ Further, "In absolute terms, the Hobart LGA experienced the largest growth of 783 persons through the year to 30 June 2018".¹⁶ At the same time, it has been reported that in Hobart, for example, new housing supply is failing to keep pace with the rapid population growth by a significant margin.¹⁷

Conclusion

We look forward to continuing to work with the Tasmanian Government and other stakeholders to do all we can to support the development of evidence-based policy settings that build housing supply, help address the unique stressors that come with an increasing population, and ensure that the visitor economy continues to contribute to the economic well-being of Tasmania and Tasmanians by providing jobs and economic opportunity.

¹⁴ Department of Treasury and Finance, Government of Tasmania June 2019, *Population* (ABS Cat No 3101.0), <https://www.treasury.tas.gov.au/Documents/Population.pdf>.

¹⁵ Department of Treasury and Finance, Government of Tasmania March 2019, *Regional Population Growth* (ABS Cat No 3218.0), <https://www.treasury.tas.gov.au/Documents/Regional-Population-Growth.pdf>.

¹⁶ Department of Treasury and Finance, Government of Tasmania March 2019, *Regional Population Growth* (ABS Cat No 3218.0), <https://www.treasury.tas.gov.au/Documents/Regional-Population-Growth.pdf>.

¹⁷ "Of the building permits issued last year, only 136 were for the provision of new housing, which is less than a quarter of the net population increase according to Treasury, of 787." Hobart City Council Alderman Simon Behrakis, <https://www.realestate.com.au/news/mayor-anna-reynolds-rejects-developers-claims-hobart-is-too-hard-for-developers>.

At the same time, we stress that Airbnb and our community are an incredibly small factor in the broader housing market. Further, the nature of our role in the Tasmanian landscape is such that we assist to grow the potential of existing dwellings and maximise business potential for ordinary Tasmanians, producing an economic dividend not only for the host — who can offset the cost of their housing through hosting — but the broader community.

Thank you again for the opportunity to make a submission to this Inquiry.

Yours sincerely



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