

Admin, LACO

Subject: FW: The economic and social cost of Airbnb- sub no. 115

From: Evan Lewis

Sent: Thursday, 24 January 2019 9:38 AM

To: Committee, Economics & Industry Standing

Subject: The economic and social cost of Airbnb

The pervasiveness of private residences being let on short stay vacation rental technology platforms is having a significant economic and social impact on Busselton. Whilst hotels and resorts are under ever greater regulation and increasing costs for compliance, technology platforms such as AirBnb are essentially deregulating the residential letting environment which was once regulated by real estate agents.

I recently purchased the Management Rights for Broadwater Resort near Busselton so whilst I can't speak for the history of the property first hand, individual owners have relayed to me how the financial returns for their units has been negatively impacted in line with the growth of private residences available locally for short term vacation rentals on platforms such as AirBnb. This seems a rational point of view as I have certainly witnessed how easily potential customers substitute a 3 bedroom villa at the resort with an independently listed vacation home.

Historically Broadwater Resort has traded at +/- 50% occupancy annually and has met the market in terms of performance. The Resort is very well known in the Perth market which has helped to somewhat insulate the property from the impact of demand being spread across additional accommodation categories, however the pervasiveness of short stay homestyle accommodation (whilst not singularly the cause) has placed additional pressure on the **Resort's trading performance and where 40% has been the new normal for the past 2 years**. As a resort with almost 50% of the inventory having 3 bedrooms, we must work very hard to remain attractive to existing customers and constantly pursue new markets.

Online travel agents are compounding this issue by presenting residential listings on their platforms and effectively facilitating the transfer of consumers away from hotels and resorts and into short stay vacation rental homes. This is a double whammy for hotels as these online agents levy not insignificant commissions on each reservation only to now steer their customers away from hotels.

Vacation Rentals are soaking up traditional affordable rental homes - the availability of affordable rental homes is increasingly scarce and is contributing to an increase in the cost of living in Busselton. The scarcity of affordable rental accommodation has a significant impact on single and sole income families which make up much of the Resort's work force. By way of example, one manager at the resort has elected to rent a trailer in a caravan park as a way circumvent this issue. In the main she finds this satisfactory, but it will be surely less convenient once summer passes with the need to walk to shared ablutions.

The Resort presently employs 20 and **could readily absorb 3 - 4 additional employees however** has resisted doing so over summer in an effort to protect the consistency of hours for core employees. The off season in Busselton is quite protracted and therefore consistent work hours to a core, non-transient team helps to retain skills, knowledge and talent and somewhat insulate them from the effects of increasing living costs.

The regulatory environment for businesses such as hotels is ever tightening and with it the cost of compliance ever increasing whereas it is the opposite for short term vacation rentals where **technology is reducing the cost of bringing a home to the vacation market**. By way of example it is conceivable that an individual in Hong Kong or Barcelona to buy a home today and list it tomorrow for vacation rental, sight unseen. There needs to be a speed-

hump implemented to ensure public safety and contain the social impact and amenity for local residents. This could be achieved by way of a bond held by local council to ensure compliance, a compliance and inspection program developed and implemented and a quota of an acceptable number of residences available for short term vacation rentals be area. Compliance could come with accreditation and accreditation should be a requirement for listings with online travel agents.

I urge those undertaking the enquiry to consider the role of Federal, State and Local Governments in helping to develop a framework where all categories of accommodation and viewed equally and where all travel industry stakeholders (investors, travelers, and agents) can co-exist harmoniously with local communities.

Sincerely,

Evan Lewis

Resort Manager, Broadwater Resort