



Sharing Hobart: Managing the rise of Airbnb

Airbnb, along with competitors like Stayz, is an online platform for **hosts to list** and **travellers to find** short-stay accommodation, part of what is called the ‘sharing economy’. Hosts can list anything from a vacant house or apartment, to a spare room or even a bed in a busy shareflat. Unlike a hotel chain or franchise, Airbnb has no ownership in its properties. Instead, it facilitates transactions between hosts and visitors, and takes a service fee for each reservation.

The likes of Airbnb can offer **more diverse** and **authentic** experiences which benefit tourists, hosts and the broader community, but as **online sharing platforms have grown** they have begun to **disrupt** traditional tourist accommodation, like hotels, which face greater regulatory oversight and operating overheads. Some hosts list **multiple dwellings**, running de facto businesses from investment properties. And since short-stay letting is often more profitable than placing property on the residential rental market, Airbnb may even **affect local housing supply**.

Paris and London: Cap and tax

Paris is the world’s most popular tourist destination, and Airbnb’s most popular city. A 2014 law allows for the rental of a property owner’s primary residence up to 120 days, but it is illegal to let an unlicensed second property. The city also levies **tourist tax**, collected and paid by Airbnb.

Across the Channel, Londoners are slightly more restricted, with a 90 day cap on renting out non-commercial property. However, UK hosts actually receive an **tax concession** of ~£5 000 from the “rent-a-room” income tax exemption.

Berlin: Partial property letting only

In **Berlin**, Germany, city officials passed a broad law requiring a special permit to let of more than 50 percent of an apartment, effectively rendering the 14,000 entire-apartment listings in Berlin illegal. If a permit is granted, apartments can be rented for no more than the average rent for the local area.

After an initial drop when the ban was introduced in May 2016, apartments offered on Airbnb have begun to climb again, arguably because of the difficulty in enforcing the rules.

Barcelona: “My building is not a hotel”

Spain has Europe’s highest density of apartment living, leaving residents especially vulnerable to their condominiums being converted into tourist accommodation. In 2014, private dwellings across Spain accounted for 2.7 million tourist lodgings, compared to the 1.4 million by hotels.

The expansion of Airbnb has faced especially **fierce resistance** in Barcelona. In 2015, the city levied fines against both hosts and Airbnb, and has rejected Airbnb’s compromise offer to limit listings in central Barcelona in favour of a vigorously enforced total ban.





Accommodating the tourism boom

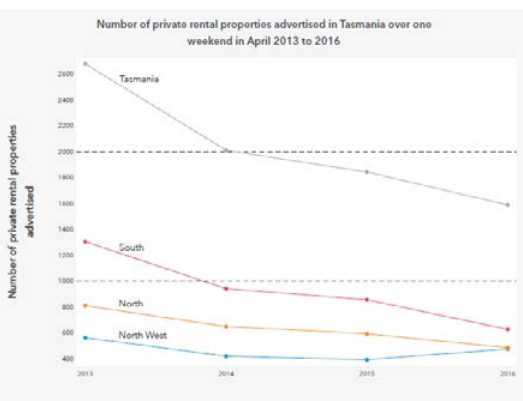
Around 1.23 million people visited Tasmania last year. Already high occupancy rates mean that reaching the visitor target of 1.5 million by 2020 will require up to 1 200 new tourist beds. While a number of hotels are under construction in Hobart, Airbnb has added much needed supply. But what does the growth of Airbnb and the sharing economy mean for the viability of these traditional accommodation suppliers, or the jobs they provide?

*Airbnb hosts aren't subject to the **safety, accessibility or taxation** standards of hotels, and mostly operate in residential areas.*

The low overheads of Airbnb properties mean they are usually able to charge tourists lower prices. But the research on Airbnb's impact on traditional accommodation is so far inconclusive. One study has estimated that Airbnb could reduce budget hotel revenues by up to 10 percent. But another study suggests no real impact on profitability.

In other parts of the sharing economy the practice of charging higher prices when demand is high to attract more suppliers - called *surge pricing* - has been controversial.

In the tourism market, hotels have themselves long employed surge pricing strategies, charging higher tariffs around special or seasonal dates. One of the emerging impacts of Airbnb has been to inject extra supply in response to demand, and restricting the prices charged by traditional hotels during peak periods.



Number of private rental properties advertised in Tasmania over one weekend in April 2013 to 2016. *Source: Anglicare.*

Rental affordability and short-stay accommodation

While Airbnb listings continue to increase, Anglicare has found a 15 percent reduction in available longer term private rental accommodation in the last year. This continues the trend of a **shrinking rental market** in the south of the State, with a 60 percent drop in supply from five years ago. Even fewer of those homes are affordable, with Hobart last year rated second worst in the country for rental affordability.

The link between Airbnb listings and rental housing stock is not clear, but some multi-room and “entire house” listings on Airbnb might otherwise have been advertised to locals in the private rental market. One study using data from non-profit watchdog Inside Airbnb has found that Airbnb accommodation was likely to have reduced the permanent rental market by up to 7 percent in one Sydney neighbourhood, and to put upward pressure on rents.

The same study as above has found that Airbnb hosts can often make between 10 and 20 percent of their rent or mortgage costs through short-stay accommodation. While Airbnb hosts can defray ongoing expenses, the most popular and profitable Airbnb rentals tend to be located in popular suburbs which may become more expensive as the potential holiday-let income is capitalised into property values.

Some hosts argue renting out a surplus room makes **housing more affordable** by allowing them to cover a mortgage.

Most experts agree that more research needs to be done to understand this phenomenon.



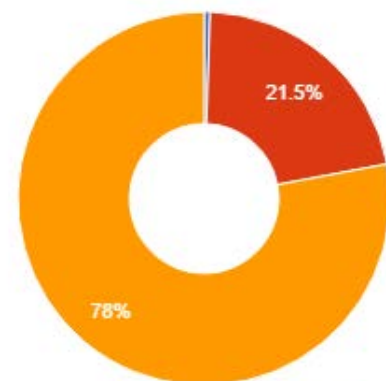
Airbnb in Hobart

Clear data for Hobart is not readily available, and it can be hard to distinguish between people sharing an extra bed or empty room, and those using home-sharing platforms to run businesses. Additionally, many traditional accommodation businesses use Airbnb to advertise hotel rooms.

According to [Airdna](#), a data and market analysis company for “rental entrepreneurs” and investors, there are **777 active Airbnb rentals** in the City of Hobart as of May 2017, managed by 564 hosts. 106 hosts list **multiple properties**. Listings have consistently trended upwards in the last five years.

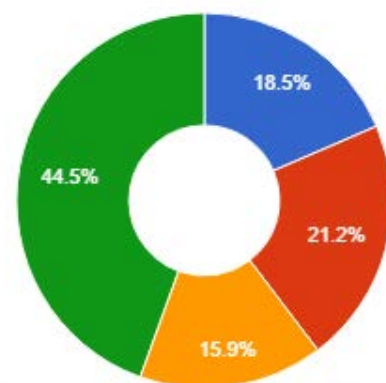
Compared to similar cities, Hobartians have embraced Airbnb. In **Adelaide** 16 properties per 10,000 residents are listed on Airbnb. Elsewhere in Tasmania, **Launceston** offers 33 properties per 10,000 residents. In **Hobart**, that figure rises to more than 35 properties per 10,000 residents.

78 percent of properties are offered as **entire homes**, while 21 percent are single private rooms and only less than one percent as shared rooms or spare beds. 44 percent are advertised for **more than 10 months** of the year, suggesting that these properties might otherwise contribute to longer term housing supply. Less than 20 percent fall into the short-term category of one to three months availability.



● Shared Room ● Private Room ● Entire Place

Months Available for Rent ?



● 1-3 months ● 4-6 ● 7-9 ● 10-12

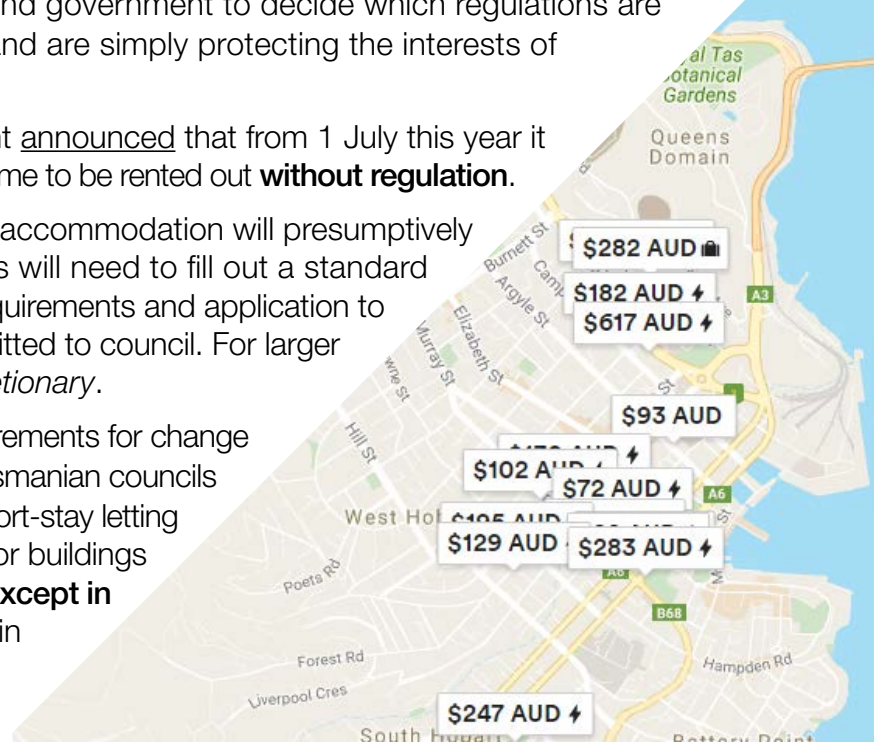
Tasmania's response

Airbnb poses challenges for planners to manage neighbourhood traffic, noise and amenity problems, and highlights the need for the community and government to decide which regulations are required, which are unnecessary red-tape, and are simply protecting the interests of established accommodation providers.

In February 2017, the Tasmanian Government announced that from 1 July this year it would allow up to four rooms in a host's own home to be rented out **without regulation**.

For shacks and secondary properties, visitor accommodation will presumptively be *permitted* under planning laws, and hosts will need to fill out a standard form with a self-assessment against safety requirements and application to change the use of the building, which is submitted to council. For larger properties, council approval will remain *discretionary*.

Some planning schemes may have other requirements for change of use to visitor accommodation, and many Tasmanian councils are still considering which approach to take. Short-stay letting is currently permitted by Hobart City Council for buildings with parking and under a certain size (160m²), **except in Battery Point** where visitor accommodation in residential buildings is prohibited.



Sharing Hobart: Managing the rise of Airbnb

Hobart is experiencing a bed shortage - for tourists and residents alike. Meanwhile, Hobartians are opening up their own homes to tourists with sharing platforms like Airbnb and Stayz.

This event will be Livestreamed to Launceston, where it will be followed by a community discussion facilitated by Andrew Pitt, Institute for the Study of Social Change, on the implications of Airbnb on Launceston and Northern Tasmania.

Dr Anne Hardy

Director, Tourism Research and Education Network, University of Tasmania

Anne Hardy is a Senior Lecturer, and has particular research interests in neo-tribal marketing, self drive tourism and perspectives on tourism development. Her recent projects have studied the behaviour and motivation of RV Users in Canada and Australia and attitudes of Tasmanians towards tourism development.



Luke Martin

CEO, Tourism Industry Council of Tasmania (TICT)

Luke Martin was appointed CEO of TICT in March 2011, following diverse roles in politics, communications and advocacy. He is responsible for implementing the organisation's policy agenda and represents TICT to government, the media and across the community. He grew up working in family accommodation businesses.



Professor Peter Phibbs

Chair of Urban & Regional Planning & Policy, University of Sydney

Peter Phibbs is a geographer, planner and social economist with extensive experience in program evaluation, financial analysis and cost benefit analysis. He has over twenty years' experience undertaking housing research. Currently he is the Head of Urban and Regional Planning and Policy at the University of Sydney.



Huw Phillips

Public Policy Associate, Airbnb

Huw studied sociology at the University of Sydney. His professional experience includes working in the trade union movement, the local government sector, and the sharing economy. His interests include social policy, participation in democracy and civil society, industrial relations, workers co-operatives, and the arts.



Professor Richard Eccleston

Director, Institute for the Study of Social Change, University of Tasmania

Before coming to the University of Tasmania, Richard Eccleston was a member of Griffith University's Centre for Governance and Public Policy. He is the author of six books and over 50 publications on comparative politics and economic policy. His has expertise in the politics of taxation reform, and was a 2014 Fulbright Scholar.

