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23 July 2019

Ms. Jessica Shaw MLC
Chair Economics and Industry Standing Committee
Parliament House
WEST PERTH WA 6005

Email via: laeisc@parliament.wa.gov.au

Dear Ms Shaw,

CCIWA Committee Hearing - Questions on Notice Response

Thank you for inviting the Chamber of Commerce and Industry of Western Australia (CCIWA) to appear before the Economics and Industry Standing Committee (the Committee) on Wednesday, 19 June 2019.

In your email dated 24 June 2019, you requested that CCIWA provides answers to two additional questions that were taken on notice. Our response to these questions are provided below.

1. To provide REIWA data on the shortage of housing for tourist regions throughout WA.

On page 6 of CCIWA's transcript of evidence, we outlined the average median rental price in the Margaret River region from 2014-2018:

"We can cite these statistics for the Margaret River region, and the source is REIWA. The average median rental price in 2014 in Margaret River was \$375. It went to \$395 in 2015 and back to \$389 in 2016. It was \$391 in 2017 and \$388 in 2018. We have seen no discernible change. It has remained flat over that entire period."

In the ensuing discussion, the Committee requested "data for specific tourist regions throughout WA". CCIWA has acquired the following average median rental data from the Real Estate Institute of Australia (REIWA):

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|---------|-------|-------|-------|-------|
| Albany | \$329 | \$345 | \$345 | \$340 | \$348 |
| Broome | \$566 | \$492 | \$453 | \$463 | \$464 |
| Bunbury | \$365 | \$358 | \$335 | \$323 | \$316 |
| Busselton | \$408 | \$405 | \$400 | \$389 | \$391 |
| Esperance | \$321 | \$326 | \$310 | \$305 | \$310 |
| Geraldton | \$345 | \$323 | \$289 | \$273 | \$274 |
| Kalgoorlie - Boulder | \$346 | \$348 | \$330 | \$329 | \$333 |
| Karratha | \$775 | \$625 | \$414 | \$402 | \$408 |
| Port Hedland | \$1,050 | \$600 | \$386 | \$360 | \$350 |
| Rest of WA | \$323 | \$320 | \$311 | \$308 | \$313 |
| Margaret River | \$375 | \$395 | \$389 | \$391 | \$388 |



It was suggested that some rental properties in the Margaret River region have been taken off the long-term rental market and advertised on Airbnb (short-stay accommodation), leading to a supply shortfall and the crowding out of local residents.

CCIWA contends that if a shortage of long-term rental accommodation exists in the Margaret River region, the average median rental price would observe a material and sustained increase due to a structural change in the demand-supply balance.

CCIWA submits that, as per the above table, there has been no discernible change in average median rental prices in the Margaret River region and notes that many other regional areas have recorded declines over this period.

This suggests that the growth of Airbnb in Margaret River and other regional areas has not led to a material decline in the total supply of long-term rental accommodation.

Instead, CCIWA submits that online short-stay accommodation platforms have expanded the accommodation supply and made it easier for holiday home-owner investors to advertise their property and align their product offering with visitors.

2. (p7) To provide the source for the proposal “that a typical Airbnb host in WA earns \$7,600 a year from home sharing services.”

This data was provided by Airbnb for the 12 months to January 2019 and is referred to on page 3 of Airbnb’s submission:

“There are currently 12,500 active Airbnb listings in Western Australia, and over the past twelve months a typical Airbnb host in Western Australia earned \$7,600 from sharing their spare space for less than 50 nights per year, supporting hosts with supplemental income.”

Thank you once again for the opportunity to appear before the Committee. I trust that this information is useful for your inquiry. CCIWA looks forward to engaging further on this matter once the Committee’s initial findings have been published.

If you have any questions regarding the additional information provided, please contact CCIWA Graduate Economist James Walsh on 08 9365 7664 or James.Walsh@cciwa.com.

Yours sincerely

A handwritten signature in black ink, appearing to be 'C Rodwell', written over a faint circular stamp or watermark.

Chris Rodwell
Chief Executive Officer