

## Submission to the Economics and Industry Standing Committee regarding the Enquiry into Short Stay Accommodation.

From: Mr Michael Jake Andrews



Dear Committee members

Thank you very much for the opportunity to make a submission to your enquiry into Short Stay Accommodation. I would like to make a contribution based upon my experience as a property owner who has short stay guests using the Airbnb platform.

The points of my submission are set out below.

### **1. Airbnb is Keeping Property Owners Solvent**

Since the end of the mining boom the property market has undergone great change. Property investors have had to deal with the major challenges of falling property prices and falling vacancy rates.

In 2016 my Scarborough property was vacant for over 6 months with no improvement in prospect of finding a tenant in sight. This was despite several rent reductions and improvements to the premises.

I subsequently listed the unit at a much reduced price but received no offers whatsoever.

As a last resort my partner and I decided to try short stay accommodation. We spent approximately \$3000 on local businesses (painters, plumbers, electricians, air-conditioning, furniture stores) to set the unit up and advertised on AirBnb.

The apartment proved to be popular and this has enabled us to meet mortgage costs during this difficult time. An identical story can be told by many other AirBnb hosts.

Our personal circumstances lead me to believe that this scenario is common right across Perth and W.A. Heavy regulation of AirBnb carries the real risk of forcing property owners into bankruptcy.

**2. Airbnb is injecting money into local communities through a variety of transactions and in a wide range of locations.**

There have been some incorrect statements on the radio and television that the profits from Airbnb operators largely end up overseas. The fact is that we pay approximately 2% of the revenue to Airbnb which covers our advertising and administration.

Each time we receive a new customer we spend approximately \$10 on basic food supplies. This means that running our Scarborough Airbnb injects approximately \$1000 per year into local businesses. Clearly, across the state, the activity of short-stay accommodation providers is injecting millions of dollars into local businesses each year.

**3. Airbnb increases choice and brings new customers to the accommodation market.**

One of our first customers, for example, was a mother who lives in the Eastern suburbs of Perth. She wanted to take her young child to the beach for a swim and a hamburger and to watch the sunset with him. Her problem was that she did not want to drive all the way home, across Perth, after dark.

Because she stayed at our Airbnb she was able to enjoy the outing with her son and was also able to wait until daylight before driving home. Due to the cost differential between Airbnb and hotels I doubt that she would have had this opportunity if Airbnb was unavailable.

Another example of how short-stay accommodation is providing the next generation of service is that guests who are travelling with their dogs can be catered for. It is also the case that people are using short-term accommodation when they are in transit between houses. They can do this because the costs involved are manageable.

## 5. The rise of Airbnb reduces training opportunities in the hotel industry.

I do not know the quantum of this claim. However as technology and businesses practices evolve, so do training opportunities. As an Airbnb operator I always make a point of directing tourists to the local cafes and other businesses by placing their business cards inside the unit. I strongly suspect that if less people are employed in the hotel industry because of Airbnb then more people are being provided with opportunities to work and train in local businesses such as restaurants and cafes.

### Recommendations

1. That it is recognised that the rise of short-term accommodation is a natural consequence of evolving public taste and technology. Because of this short-term accommodation should be seen as a vital and legitimate player in the tourism industry.
2. That it is recognised that short-term accommodation is growing the market by providing opportunities to people who cannot afford hotel accommodation.
3. That any regulation of the short-stay accommodation market be kept as light as possible. It should also be recognised that short-term accommodation providers are already subject to many regulations such as the requirement for smoke detectors and RCD (electrical) protection devices.
4. I would particularly recommend against arbitrary time restrictions on the number of months that people may offer short-term accommodation. This is a very inefficient way to allocate resources because it would lead to our state's housing stock being underutilized.
5. That any changes to the current system have a long enough lead in time for owners to adjust their financial affairs. This is particularly important in the current property market.

Thank you again for the opportunity to make this submission. It is much appreciated.

Regards

  
Michael Andrews

23 January 2019