

Media Release

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SHORT STAY ACCOMMODATION SOARS 22.8% AS AUSTRALIA'S RENTAL CRISIS RAGES

Short stay accommodation is booming at a time when Australia's rental crisis is worsening, REIA's new report, "Short Stay Accommodation" (the Report) has found.

REIA President, Hayden Groves said that in the March quarter, a total of 133,968 short-stay accommodation (SSA) places were available in Australia, an increase of 3.7% over the quarter and a enormous 22.8% over the past year.

"As a crude equation, 133,968 on first glance appears to fill the forecast shortage of dwellings Australia will face by next financial year of 106,000."

"While SSA has been an essential part of meeting high demand for domestic tourism accommodation, it is a driving factors behind the rental crisis," he said.

Mr Groves said that a staggering 109,726 (81.9%) short stay listings were dwellings that can transition between the long-term rental market and the short-stay accommodation market.

"Dwellings suitable for long term rentals increased on short stay accommodation platforms 3.7% over the quarter and 26.6% over the past year.

"The eastern coast of Australia is the predominant provider of short-term accommodation, and where most of the crucial long-term housing is desperately needed.

Mr Groves said in most capital cities, there are more short stay accommodation properties available than there are permanent rentals on real estate portals with higher rates of return being offered to property owners.

"The March quarter in Sydney showed the gross annual income on a 2-bedroom dwelling in the private rental market was \$33,900. On average, it would take 122 days of successful hosting to make the same income if the asset was in the long-term rental market. In regional New South Wales, it would take around 113 days of hosting to make the same income compared to a long-term rental investment.

"In the same quarter, annual gross income on a 2-bedroom property in the long term private rental market in Melbourne was \$27,100. On average, it would take 124 days of successful hosting to make the same income in the long-term market. For regional Victoria on the same type of property it takes only 84 days of hosting in the short-stay market to earn that income.

"In Melbourne, the coastal area of the Mornington Peninsula had the highest number of short-stay entire dwellings (4,347). This was a decrease of 2.2% over the December quarter, but an incredible increase of 20.2% over the past year.

"The City of Melbourne had the second highest at 3,667 – this was increase of 11.8% over the quarter and a record 51.8% over the past year. For regional Victoria, Bass Coast had the highest number of short stay entire dwellings (1,982), and an increase of 1.1% over the quarter and 24.5% over the past year.

"Of all short-stay accommodation places in Queensland, 22,371 were entire dwellings, of which 4,066 (18.2%) were in Brisbane and 18,305 (81.8%) were in regional Queensland. In the March quarter, 19,171 (85.7%) of these



were available in the previous quarter, 3,200 (14.3%) were newly listed this quarter, and 1,225 available in the December quarter 2022 were no longer available.”

According to Mr Groves, the rise of short-stay accommodation began in 2008 when Airbnb launched in San Francisco as a web-based platform and mobile app.

“Home-sharing platforms have substantially grown over the past decade. For instance, Airbnb as the global market leader, managed to multiply the number of guests finding accommodation through its platform from 50 million in 2015 to 800 million in 2022.

“Of particular interest to real estate agencies may be that short stay accommodation fees are significant – 15 to 25% – when compared to much lower management service fees for long term rentals.”

Mr Groves said the Report comes at a time when vacancy rates in all our major cities and regions remain at critical lows.

“State and Federal Governments continue to grapple with how to quickly deal with Australia’s severe housing shortage across all housing segments: Public, social, affordable, private rental and home ownership.

“This Report set out to quantify in an objective, fact-based way what the impacts of SSA are on renters; so we can look to formulate a policy response together with Government and short stay accommodation providers based on the best available evidence.”

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For any further information please contact
Olwyn Conrau, REIA Media Consultant

0413 600 350
olwyn.conrau@reia.com.au

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