

**BEFORE THE HEARINGS PANEL  
FOR THE QUEENSTOWN LAKES PROPOSED DISTRICT PLAN**

**IN THE MATTER** of the Resource  
Management Act 1991

**AND**

**IN THE MATTER** of Hearing Stream 15

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**REBUTTAL EVIDENCE OF ROBERT HEYES  
ON BEHALF OF QUEENSTOWN LAKES DISTRICT COUNCIL**

**VISITOR ACCOMMODATION: ECONOMICS**

**22 August 2018**

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## 1. INTRODUCTION

- 1.1 My full name is Robert Heyes. I am a Senior Economist and have been employed by Infometrics since June 2018.
- 1.2 My qualifications and experience are set out in my statement of evidence dated 23 July 2018 (**Statement**).
- 1.3 I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014 and that I agree to comply with it. I confirm that I have considered all the material facts that I am aware of that might alter or detract from the opinions that I express, and that this evidence is within my area of expertise except where I state that I am relying on the evidence of another person.

## 2. SCOPE

- 2.1 My rebuttal evidence is provided in response to the following evidence filed on behalf of various submitters:
- (a) Brent Thomas for Airbnb (2390, 2768);
  - (b) Ainsley McLeod for Airbnb (2390, 2768);
  - (c) Ben Farrell for MajorDomo (2592, 2600, 2598); and
  - (d) Mark Chrisp for BookaBach and Bachcare (2302, 2620).
- 2.2 I have read the evidence of the following experts, and consider that no response is needed:
- (a) Mark Harris for NZSIR Luxury Rental Homes Ltd (2598); and
  - (b) Lisa Hayden for Touch of Spice and MajorDomo (2592, 2600).

## 3. BRENT THOMAS FOR AIRBNB (2390, 2768)

- 3.1 Mr Thomas has filed evidence in relation to the proposed amendments affecting Residential Visitor Accommodation (**RVA**) activities.

## Differences in estimates of the economic and employment impacts of Airbnb guest spending

3.2 Mr Thomas states, at paragraph 5.4 of his evidence, that in 2017 the Airbnb guest spending in the Queenstown-Lakes District (**District**) made a direct economic contribution of \$75.2 million and directly supported 713 jobs. This is based on research by Deloitte and was published in their 2018 report: *The Economic effects of Airbnb in Queenstown*.

3.3 My estimate in relation to the same matter, set out at paragraph 7.2 of my Statement<sup>1</sup>, was \$35.2 million with 748 jobs directly supported.

3.4 Both estimates were arrived at using the same guest spending data sourced from Airbnb, which was fed into economic multiplier models that simulate the interactions between different parts of a regional economy. The purpose of such models is to calculate the consequences of an increase in spending in one part of the economy on the rest of the economy.

3.5 My estimate used a model of the District's economy which was built around multipliers estimated specifically for the Queenstown-Lakes economy, while the Deloitte estimate relied on a model built around multipliers for the broader Otago region<sup>2</sup>. Differences in the industry structure of the two economies will produce different results, as demonstrated in **Table 1** below. Compared with the Otago region as a whole, the District's economy has a much larger Accommodation and Food Services industry (12% of the District's GDP in 2017 compared with Otago's 5%) and a slightly larger Retail Trade industry (7% compared with Otago's 6%). It is those differences that will have resulted in my higher estimate of the employment impacts associated with spending by Airbnb guests. My results also took into account Infometrics' estimate of the overall size of the tourism sector in Queenstown-Lakes District. Infometrics compares its estimates of

1 Taking Airbnb's guest spending data for 2017 and treating it as an injection into the local economy, I estimate that it directly created \$35.18 million in GDP (equivalent to 5.5% of the District's tourism sector) and directly supported 748 jobs (equivalent to 5.9% of Queenstown-Lakes District's tourism employment 2017).

2 Source: The Economic Effects of AirBnB in Queenstown, Deloitte Access Economics (2018), p27 <https://www.tourismticker.com/wp-content/uploads/2018/05/dae-economic-contribution-Airbnb-new-zealand.pdf>

tourism GDP and employment across every Territorial Authority and ensures that, together, they sum to the national tourism sector as measured by the Tourism Satellite Account<sup>3</sup>. This results in Infometrics' estimate of the Queenstown-Lakes District tourism sector GDP being lower than official estimates, which is why my estimate of the GDP impacts of Airbnb guest spending is lower than Deloitte's.

**Table 1: proportion of total GDP by industry in Queenstown-Lakes District and Otago Region economies, 2017**

Industry	Queenstown-Lakes District	Otago Region
Agriculture, Forestry and Fishing	2%	8%
Mining	1%	5%
Manufacturing	3%	5%
Electricity, Gas, Water and Waste Services	1%	5%
Construction	11%	8%
Wholesale Trade	2%	3%
Retail Trade	7%	6%
Accommodation and Food Services	12%	5%
Transport, Postal and Warehousing	6%	4%
Information Media and Telecommunications	1%	2%
Financial and Insurance Services	3%	2%
Rental, Hiring and Real Estate Services	13%	7%
Professional, Scientific and Technical Services	7%	5%
Administrative and Support Services	3%	2%
Public Administration and Safety	2%	4%
Education and Training	3%	6%
Health Care and Social Assistance	2%	7%
Arts and Recreation Services	6%	2%
Other Services	1%	1%
Owner-Occupied Property Operation	8%	7%
Unallocated	8%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Infometrics, Queenstown-Lakes District and Otago Region Regional Economic Profiles, 2017

### Reliability of AirDNA data

**3.6** Mr Thomas calls into question, at paragraph 6.6 of his evidence, the reliability of the data gathered from AirDNA, which scrapes data from the Airbnb website and further says:

<sup>3</sup> Source: StatsNZ <https://www.stats.govt.nz/information-releases/tourism-satellite-account-2017>

- (a) there is no reliable way to calculate booked nights using AirDNA data because it does not distinguish between homes blocked out for personal use and those booked by paying guests;
- (b) that it considerably over-inflates rental figures; and
- (c) that it does not give a complete or accurate picture of the RVA market in the District.

**3.7** I am aware of the limitations of the AirDNA data<sup>4</sup>, which is why I used and relied on to the greatest extent possible Airbnb activity data for Queenstown-Lakes District produced by Airbnb. This Airbnb data was sourced from the 2018 report by Deloitte referred to above: *The Economic effects of Airbnb in Queenstown*, which I used to assess:

- (a) the scale of RVA in Queenstown in terms of Airbnb guest numbers and guest nights booked;
- (b) expenditure of Airbnb guests; and
- (c) revenue earned by Airbnb hosts.

**3.8** To carry out further analysis of the scale of RVA in the District, trends in RVA activity over time and availability of listings over time, I used data sourced from AirDNA because no other data is currently available. In using data sourced from AirDNA I join a host of researchers from around the world who have used it as their principal data source for investigating the impacts of Airbnb. This includes:

- (a) the State of New York Attorney General<sup>5</sup>;
- (b) David Wachsmuth, Assistant Professor in the School of Urban Planning at McGill University<sup>6</sup>; and

<sup>4</sup> As recorded in paragraph 4.2 of my Statement. As a result of Airbnb obscuring information in late 2015 about whether a property was booked or blocked, AirDNA developed artificial intelligence and machine learning technology that uses the historical data on actual bookings and blockings AirDNA had compiled for the 18 months prior to the end of 2015 to predict booked and blocked dates post-2015.

<sup>5</sup> Airbnb in the city, New York State Attorney General (2014)

<sup>6</sup> Short-term cities Airbnb's impact on Canadian housing markets, David Wachsmuth et al, MacGill University (2017)

- (c) Prof Diane Coyle, University of Manchester's Institute for Political and Economic Governance<sup>7</sup>.

**3.9** Mr Thomas' assertion that the AirDNA data considerably over-inflates rental figures is not supported with evidence and does not change my interpretation of the evidence available to me:

- (a) That the number of active whole-house Airbnb listings in early 2018 that were available year-round is estimated to be around 700<sup>8</sup>;
- (b) that these properties are equivalent to 11% of the properties in the long-term rental market in 2018<sup>9</sup>;
- (c) that yields from short-term rental are, on average, roughly three times higher<sup>10</sup> per night than yields from long-term rental;
- (d) that based on a long-term rental market vacancy rate of 5%<sup>11</sup>, even if only half of my estimated number of active whole-house Airbnb listings in early 2018 that were available year-round had been taken from the long-term rental market, this would have been sufficient to reduce the vacancy rate to zero;
- (e) that, from 2019 to 2022, to avoid further encroachment into the long-term rental property market, active whole house Airbnb listings would need to grow by between 3% and 6% per annum<sup>12</sup>;

<sup>7</sup> Understanding AirBnB in Fourteen European cities, Diane Coyle et al, University of Manchester (2017)

<sup>8</sup> This is derived from figures already in my Statement. At paragraph 4.8 of my Statement I note that there were just over 4,700 listings on Airbnb in February 2018 and that an estimated 2,900 were active. Paragraph 10.10 of my Statement notes that 70% of properties listed on Airbnb were whole houses; applying this 70% to the estimated 2,900 listings yields just over 2,000 active, whole-house listings. Paragraph 10.11 of my Statement notes that in 2017 an estimated 36% of whole house properties on Airbnb were available for short-term rental for 90% or more of the year; applying this 36% to the 2,000 active, whole house listings yields just over 700 active, whole house listings available for the whole year.

<sup>9</sup> Based on Market Economics' estimate of the long-term rental dwelling stock in Queenstown-Lakes District in 2016 projected forward to 2018 by applying Infometrics' estimate of growth in the residential dwelling stock for Queenstown-Lakes District. Source: Housing Development Capacity Assessment 2017, Market Economics (2018), table 3.1 p97 <https://www.gldc.govt.nz/council-online/council-documents/agendas-and-minutes/planning-and-strategycommittee-2/2018/10-may-2018/>; Infometrics' estimate of the residential dwelling stock is driven by its estimate of residential dwelling consents which is published in its Regional Construction Outlook (2018).

<sup>10</sup> Drawn from paragraph 10.14 of my Statement in which I calculate average yields per night from short-term rental of \$247 and from long-term rental of \$74.17.

<sup>11</sup> This is based on data / information that I did not include in my Statement, source: Estimating the Private Sector Rental Vacancy Rate for Canterbury, NZIER (2012); <https://www.nzae.org.nz/wp-content/uploads/2012/08/Estimating-Rental-Vacancy-NZAE-conference.pdf>; page 1, figure 1, shows the vacancy rate for Canterbury from 2005 and 2012 varied between 5% and 2.5%. The upper limit is applied to Queenstown-Lakes District.

<sup>12</sup> Based on the estimate of the long-term rental dwelling stock in Queenstown-Lakes District in 2018 (referred to in paragraph 3.9(b) and footnote 8) projected out to 2022 by applying Infometrics' forecast growth of residential

- (f) that the estimated growth in active whole house Airbnb listings in the District has far exceed this, growing by 55% between October 2016 and September 2017<sup>13</sup>; and
- (g) placed alongside other contextual evidence: long-term rental prices in the District began to accelerate in 2015, new bond lodgements (a proxy for the number of available rental properties) have declined slightly since 2015, and the District's population growth has recently accelerated, my opinion is that, while the precise effects cannot be quantified, the growth of RVA, driven by growth in Airbnb, can be considered to have exacerbated the deterioration of rental affordability in the District in recent years and is likely to continue to do so in the short-term at least.

### **Duplication between RVA providers**

**3.10** Mr Thomas states, at paragraph 6.8(a) of his evidence, that the estimates of the duplication between Bookabach, Holiday Homes and Airbnb listings in my Statement are based on “a very small sample” and that I then use these data to estimate the percentage of dwellings in the District that are used for RVA (which I estimate to be 30%).

**3.11** I acknowledge in my Statement<sup>14</sup> the use of a very small sample to determine the extent of duplication between RVA providers, but my estimate of the percentage of dwellings in the District used for RVA is based mainly on a count of approximately 4,700 property listings scraped from the Airbnb website by AirDNA. The ‘small sample’ was used to estimate the additional unique listings on other RVA platforms which took the total from 4,700 to 5,900.

dwellings in Queenstown-Lakes District. Infometrics' forecast of residential dwellings is driven by its forecast of residential dwelling consents which is published in its Regional Construction Outlook (2018).

13 Source: AirDNA; the dataset includes information about whether a listing is 'active' in any given month and the listing type: whole-house properties, private or shared rooms in occupied houses; I took a count of active, whole house properties in October 2016 and September 2017 and calculated the growth over the whole period.

14 Based on a very small sample of the District listings on the three websites, I found a high degree of duplication between whole house listings on Bookabach and Holiday Homes, and less pronounced duplication between Airbnb and the two other platforms. I estimated that including Bookabach and Holiday Homes increased the number of unique RVA listings in the District by about 25%. Applying this scaling to the February 2018 estimate of listings, I estimated 5900 unique RVA listings.

## **RVA platforms**

- 3.12** Mr Thomas states, at paragraph 6.8(b) of his evidence, that the conclusion in my Statement that "*growth of Airbnb's listings since its establishment in New Zealand is indicative of growth in the RVA sector as a whole*" fails to take account of hosts who moved from other platforms to Airbnb when it started up and hosts who are listed on multiple platforms.
- 3.13** I acknowledge, at paragraph 4.18 of my Statement, that several other booking platforms exist in New Zealand and that, therefore, some of the growth in Airbnb listings in the District may simply be the result of Airbnb increasing its market share at the expense of other platforms. I also acknowledge that, without time series data on the number of unique listings posted on the other platforms, I am unable to quantify this.
- 3.14** Listing a property on BookaBach and HolidayHomes can be done so free of charge. It therefore seems unlikely that a host would move their property from either of these websites to Airbnb. It is more likely they would maintain their existing listings on BookaBach and HolidayHomes and create a duplicate listing on Airbnb. Listings on BookaBach and HolidayHomes are therefore unlikely to have fallen significantly since Airbnb's entry to the market. BookaBach and HolidayHomes might be able to confirm this. Given the relative number of listings on the three platforms (Airbnb listings amount to double the total number of listings on the two other platforms<sup>15</sup>), it seems unlikely that the listing of properties on multiple platforms could have accounted for so much of Airbnb's growth as to change the overall conclusion that Airbnb has been the driver of rapid RVA growth in the District.
- 3.15** Mr Thomas states, at paragraph 6.10 of his evidence, that it is difficult to understand what data I have used to draw the conclusion that just under 1,500 properties in the District listed on RVA platforms in early 2018, equivalent to 8% of all dwellings in the District, are available for rent year-round.

<sup>15</sup> In paragraph 4.9 of my Statement I note that, at September 2017, there were 1193 listings on Bookabach and 1044 on Holiday Homes. This compares with just over 4,200 listings on Airbnb at the same time.

- 3.16** In reaching this conclusion, I used AirDNA data on property availability for the 12 months between January to December 2017. This data is subject to the limitations outlined in footnote 3 above. However, the limitations are not relevant to this part of the analysis because it does not need to delineate between nights booked by guests and blocked out by hosts.
- 3.17** Mr Thomas also states, at paragraph 6.10 of his evidence, that owners often take opportunistic weekends when the property is not rented and that, therefore, my estimate of 1,500 properties on RVA platforms being available for year-round rent is unreliable.
- 3.18** My definition of properties available ‘year-round’ included properties that were available for 90% or more of the year in order to account for the type of opportunistic behaviour described by Mr Thomas. For such opportunistic behaviour to have amounted to more than 10% of the year, hosts would need to spend 19 or more weekends at their property. No evidence is offered by Mr Thomas as to the extent of this opportunistic behaviour. In my opinion, it is unlikely to be occurring to such an extent that is significantly impacts my overall conclusions.

#### **Supply of accommodation**

- 3.19** Mr Thomas states, at paragraph 6.11 of his evidence, that I have not considered the effect that the proposed provisions will have on reducing supply of an important accommodation option in the market.
- 3.20** My understanding is that the provisions will not apply to existing RVA properties. Therefore, there should be no impact on existing supply.

#### **4. AINSLEY McLEOD FOR AIRBNB (2302, 2620)**

- 4.1** Ms McLeod has filed evidence in relation to the proposed amendments affecting RVA. Ms McLeod states, at paragraph 6.11(c) of her evidence, that I do not arrive at any conclusions which suggest “rapid and sustained growth of short term letting” within the District.

- 4.2** I estimated that in the 16 months from October 2016 to February 2018, Airbnb activity grew in the District by anything up to 85%<sup>16</sup>. A comparable metric against which to benchmark this is growth in the number of households in the District, which grew by 14% between 2013 and 2016<sup>17</sup>. In my opinion, the increase in Airbnb activity across this period constitutes rapid growth.
- 4.3** As noted above at footnote 3, there are limitations associated with the use of Airbnb and AirDNA data that may have resulted in an over-estimate of growth (which cannot be quantified with the data currently available). However, the over-estimation would have to be considerable for my opinion to change.
- 4.4** In relation to growth being described as ‘sustained’, this cannot be determined due to the relatively short period of time for which activity data is available. Airbnb only began operating in New Zealand in 2015 and the available Airbnb activity data for the District only covers the period from October 2016 to February 2018.
- 4.5** Ms McLeod states, in paragraph 7.4(a) of her evidence, that I do not conclude that there is a ‘likely’ impact (of RVA growth) on the availability of housing for long-term rental, rather I find that the outlook for RVA is influenced by a number of factors.
- 4.6** In my Statement I conclude that the outlook for RVA is influenced by a number of factors<sup>18</sup>. I was unable to quantify the extent to which RVA has had an impact on the availability of housing for long-term rental because no information is available on how properties were utilised prior to being listed on Airbnb. However, as I note in my statement<sup>19</sup> and outline further in paragraph 3.9, the evidence available suggests that the growth of RVA, driven by growth in Airbnb, can be considered detrimental to the District’s long-term rental affordability.

16 See table 3 of my Statement.

17 Derived from data sourced from paragraph 3.11 p 95 of *Housing Development Capacity Assessment 2017*, Market Economics (2018) <https://www.gldc.govt.nz/council-online/council-documents/agendas-and-minutes/planning-and-strategycommittee-2/2018/10-may-2018/>.

18 See paragraph 1.5(g) of my Statement.

19 See paragraph 1.5(h) of my Statement.

**5. BEN FARRELL FOR MAJORDOMO (2592, 2600, 2598)**

- 5.1** Mr Farrell has filed evidence in relation to the proposed amendments affecting RVA. Mr Farrell states, at paragraph 13(h) of his evidence, that the assumption in my Statement that "*one third of whole-house RVA properties were available all year round*" and that these properties "*could be used for long term rental*", is likely to be incorrect because evidence from submitters points to holiday home owners not putting their houses into the long-term rental pool because they want to use their own houses to holiday in.
- 5.2** I make no assumption about whether or not holiday home owners would put their properties in the long-term rental pool at any time in the future, or have done so in the past. My conclusion is based on analysis, using the best data available at the time, which seeks to identify RVA properties that are available for rental all year round. Such properties are likely to be owned by hosts whose primary motivation is financial and who are unlikely to be using their property as a holiday home.
- 5.3** Mr Farrell states at paragraph 13(i) of his evidence that the conclusion in my Statement that RVA listings are detrimental to long-term rental affordability asserts an unfair bias because it dismisses the benefits of RVA in providing a significant supply of accommodation for visitors. In section 5 of my Statement I specifically address the benefits of RVA in supporting growth in tourist numbers.
- 5.4** Mr Farrell states, in paragraph 13(n) of his evidence, that some of the conclusions in my Statement undermine each other.
- 5.5** I do not consider that my Statement contains conclusions that undermine each other. The conclusions referred to by Mr Farrell at paragraphs 13(g) and (i) deal with properties whose owners have different incentives. The first conclusion relates to holiday home owners whose incentives are not principally financial; the latter conclusion relates to owners whose incentives are principally financial.
- 5.6** The conclusions referred to by Mr Farrell at paragraphs 13(f) and (j) deal with different types of evidence. Being unable to quantify the

impact of RVA growth on long-term rental prices does not undermine my conclusion that, were whole house properties on RVA to be made available for long-term rental, it would undoubtedly put downward pressure on rental prices, which is founded on established micro-economic theory.

- 5.7** Mr Farrell suggests, in paragraph 13(o) of his evidence, that my conclusion that restricting RVA to less than 90 nights per year will probably result in long-term rental becoming a more lucrative option for some hosts whose incentives are primarily financial is an assumption, and not evidence based.
- 5.8** The conclusion expressed in paragraph 10.8 of my Statement is not relevant to holiday home owners and is based on both evidence<sup>20</sup> and assumptions<sup>21</sup>.
- 5.9** Mr Farrell raises issue, in paragraph 13(q) of his evidence, with my conclusion about the equivalency of earnings for RVA hosts and implication that there is an appropriate level of monetary gain for landowners. He also suggests that my conclusion is based on unverifiable statistics.
- 5.10** My analysis was based on data released by Airbnb on the revenue received by hosts in the District throughout 2017, the number of nights booked and hosts' median Airbnb income. It sought to quantify the number of nights that a RVA property needed to be booked for the hosts to generate that median income. In arriving at this conclusion, I was not seeking to take a view on what might be considered an appropriate level of monetary gain for landowners. I withdraw the following comment made in paragraph 10.8 of my Statement in relation to the sufficiency of income for hosts who use their properties as holiday homes:

20 I used data released by Airbnb on the revenue received by Queenstown-Lakes hosts in 2017 and the number of nights booked, source: The Economic Effects of AirBnB in Queenstown, Deloitte Access Economics (2018), table 2.1 p10 and table 2.7 p15 <https://www.tourismticker.com/wp-content/uploads/2018/05/dae-economic-contribution-Airbnb-new-zealand.pdf>; and long-term rental market data from the Ministry of Business, Innovation and Employment <http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/rental-bond-data>.

21 I assumed that the incentives of some RVA hosts are primarily financial, that some RVA properties are yielding rents close to the average for RVA properties in the District, and that some of these properties, if they were placed on the long-term rental market, would yield rents close to the Queenstown-Lakes average.

*... that under this provision, earnings from RVA may be sufficient for hosts who use their properties as holiday homes and others whose motivations for owning their property are not primarily financial.*

## **6. MARK CHRISP FOR BOOKABACH AND BACHCARE (2302, 2620)**

- 6.1** Mr Chrisp has filed evidence in relation to the proposed amendments affecting Residential Visitor Accommodation (**RVA**) activities. Mr Chrisp states, at paragraph 6.26 of his evidence, that I share his view that the growth of RVA listings might never have formed part of the long-term rental stock and would therefore have no effect on the supply of rental properties.
- 6.2** I do not share Mr Chrisp's view. While there is insufficient information to determine how many RVA listings have been taken out of the long-term rental stock, the evidence that is available suggests that the growth of RVA, driven primarily by growth in Airbnb, can be considered to have exacerbated the deterioration of rental affordability in the District in the past few years and is likely to continue to do so in the short-term at least<sup>22</sup>.
- 6.3** Mr Chrisp states, at paragraph 6.27 of his evidence, that my analysis of RVA listed properties that are available year-round simply identifies an opportunity that might be exploited to increase the supply.
- 6.4** The purpose of my analysis of property availability was to identify properties that could have been taken out of the long-term rental market. The information available on the number of active, whole house properties available year-round, relative to the size of the long-term rental stock, enabled me to conclude that if only half of these properties had come from the long-term rental stock, there would have been a detrimental impact on rental affordability in the District<sup>23</sup>.
- 6.5** Mr Chrisp states, at paragraph 6.33 of his evidence, that in section 10 of my Statement I explain that there is insufficient data to be able to determine that a switch from long-term rental to short-term rental has actually occurred, or that it is the cause of increased unaffordability.

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See paragraph 3.9 above for a fuller outline of the evidence that supports this conclusion.  
Ibid.

- 6.6** In my Statement I conclude that several factors are responsible for the deterioration in rental affordability in the District and that I am unable to determine exactly how many RVA listed properties have been taken out of the long-term rental stock. However, I also show that for those hosts whose incentives are primarily financial, the yields from short-term rental are much greater than those possible through long-term rental. Furthermore, as explained in paragraph 3.9 above, only a relatively small number of active, whole house RVA listed properties available year-round would need to have come from the long-term rental market for there to have been a detrimental impact on rental affordability in the District.
- 6.7** Mr Chrisp states, at paragraph 6.34 of his evidence, that in paragraph 10.8 of my Statement I suggest that a 42-night limit would still make listing a property on Airbnb financially worthwhile for some hosts. He then states, at paragraph 6.53 of his evidence, that he cannot agree that my analysis provides a sound rationale for restricting an activity to its minimum financial viability.
- 6.8** As explained in 5.10 above, the analysis in paragraph 10.8 of my Statement sought to quantify the number of nights that a RVA property needed to be booked for the hosts to generate a 'median income'. I was not seeking to take a view on what might be considered an appropriate level of financial return for landowners and as set out above, I withdraw the last sentence from paragraph 10.8 of my Statement in relation to the sufficiency of income for hosts who use their properties as holiday homes.

**6.9** I disagree with Mr Chrisp that a 42-night limit would restrict the activity to its minimum financial viability. My analysis was of hosts listing their property at the mean rental rate and the outcome was that they would earn median income. This would place them in the middle of the range of incomes being earned from Airbnb in the district. Mr Chrisp offers no evidence that a median income equates to the minimum financial viability. If it were true, I see no rational explanation for why hosts earning below the median income would continue to list their properties at all.



**Robert Heyes**  
**22 August 2018**