

**Robert Heyes for QLDC – Hearing Stream 15 – Visitor Accommodation**

1. In the past few years, residential visitor accommodation (**RVA**) has grown rapidly to become a significant part of the Queenstown-Lakes District (**District**) visitor accommodation sector.
2. RVA provides a number of benefits to the District, including:
  - (a) Helping to cater for the growth in tourist numbers visiting the District, which is a significant contributor to the District's economy. The growth of RVA has come at a time when the capacity of commercial accommodation has stalled, which has arguably helped accommodate continued tourism growth.
  - (b) Providing an important source of revenue to hosts and businesses that service the RVA properties involved, such as cleaners.
3. However, these recognised benefits need to be balanced against the impact on long-term rental affordability within the District. Since 2015, long-term rental prices have accelerated upwards. During the same period, the resident population of the District grew at a much faster rate than the national average, and there is evidence that from around 2015 the stock of long-term rental properties in the District stopped growing.
4. I am unable to quantify the extent to which RVA has had an impact on the availability and affordability of the long-term rental market, as no information is available on how RVA properties were utilised prior to being listed. However, against the backdrop of strong population growth, in my view, the growth of RVA has likely had a negative impact on affordability and capacity of the long-term rental market and is likely to continue to do so in the short-term at least. The following evidence supports this view:
  - (a) Airbnb entered the New Zealand market in 2015, the same time that long-term rental prices in the District started to accelerate upwards.
  - (b) The yields from short-term rental (ie. RVA) in the District are much higher than those for long-term rental.
  - (c) In early 2018, an estimated 700 properties in the District were listed on Airbnb alone that had characteristics that made them candidates for long-term rental (ie whole-house listings available year-round). If half of those properties had been taken from the long-term rental stock, this would have been sufficient to reduce the long-term rental vacancy rate to zero and cause upward pressure on rental prices.
  - (d) The stock of long-term rental properties is expected to grow by between 3% and 6% per annum. To avoid further encroachment into the long-term rental market, the number of properties that switch from long-term to short-term RVA rental must grow at a similar rate. Historical trends suggest that growth rates are likely to be much higher for RVA, making further encroachment into the long-term rental market the most likely short-term outcome. I note that the estimated growth in active whole house Airbnb listings in the District between October 2016 and September 2017 was 55% - well in excess of the 3% to 6% required.