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Short-term rental accommodation: models, impacts and policy responses



Authored by

Nicole Gurrán, University of Sydney
Caitlin Buckle, University of NSW
Laurence Troy, University of Sydney
Zahra Nasreen, University of Sydney
Laura Crommelin, University of NSW
Peter Phibbs, University of Sydney
Pranita Shrestha, University of Sydney
Declan Redmond, University College Dublin
Jason Harrison, University of NSW

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Nicole Gurrán, University of Sydney
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Acronyms and abbreviations

ABS	Australian Bureau of Statistics
AHURI	Australian Housing and Urban Research Institute
CBD	central business district
CBOS	Consumer Building and Occupational Services
CEO	chief executive officer
EU	European Union
GMR	greater metropolitan region
HCC	Hobart City Council
LGA	local government area
LIST	Land Information System Tasmania
NSW	New South Wales
PD6	Planning Directive No. 6
PPR	principal place of residence
SAP	Specific Area Plan
SD	standard deviation
STRA	short-term rental accommodation
TUT	Tenants' Union of Tasmania
WA	Western Australia

Glossary

A list of definitions for terms commonly used by AHURI is available on the AHURI website ahuri.edu.au/glossary.

Executive summary

Key points

- In the context of rising concern about the impacts of short-term rental accommodation (STRA) on the housing market, this study seeks to better understand models of provision and potential policy responses.
- The research involved an international review of evidence and policy on STRA, and its intersections with local and regional housing markets; national-level analysis of STRA trends; case study analysis of STRA listings and housing market impacts in key regions over time; and interviews with key industry stakeholders and local government personnel.
- Internationally, rising concern about the impact of STRA in major cities (particularly in Europe and North America) has translated to strong restrictions designed to preserve permanent housing stock and protect long-term renters.
- By contrast, the Australian states and territories have been relatively slow to respond to the growth of STRA activity and implications for rental housing supply and policy making. Local governments lack reliable data to monitor and enforce compliance with existing regulations.
- Measures used internationally include strong registration and reporting requirements, restricting the conversion of long-term residences to STRA by limiting booking nights, applying spatial restrictions to the location of STRA, imposing additional taxes or levies, and strengthening protections for long-term renters. These measures could be further developed in Australia.

- **Recent interventions in Western Australia, Victoria, Tasmania and New South Wales offer opportunities to monitor impacts and gain insights into the nature of supply and demand in the STRA sector, including demand for non-tourism uses.**
- **States can support local councils and housing providers by establishing programs to support property owners wishing to transition from STRA and/or to make properties available as temporary or crisis accommodation for people in need.**

There has been widespread concern about the housing market and neighbourhood impacts of short-term rental accommodation (STRA) platforms such as Airbnb. Offering a range of visitor accommodation, from holiday houses and apartments to hosted rooms in local homes, STRA platforms have increased the demand for residential property and enabled owners and landlords to finance housing investment in new and diverse ways. Although primarily serving domestic and international tourists, there is potential for STRA to accommodate employees relocating or working temporarily in an area, people needing to stay near hospitals for ongoing treatment or people displaced in the wake of a natural disaster. Understanding the range of STRA models, provider motivations, and impacts in different metropolitan and regional settings is key to effective policy development and regulation within the wider housing system framework.

In this context, this project aimed to:

- chart a national typology of STRA types, provider motivations and business models
- quantify housing impacts across different metropolitan and regional case studies
- leverage international experience and stakeholder engagement to inform effective policy and regulation.

Key findings

This study highlights the emergence of STRA as an increasingly commercialised, platform-enabled market for residential tourism. However, the STRA sector is not confined to tourist destinations, but intersects with local and regional housing markets in complex and varied ways.

Internationally, rising concern about the impacts of STRA for local neighbourhoods and housing markets has translated to strong restrictions designed to preserve permanent housing stock and protect long-term renters, particularly in Europe and North America. By contrast, the Australian states and territories have been relatively slow to respond to the growth of STRA platforms and implications for rental housing supply.

A second key finding of this study is that property owners or 'hosts' who offer STRA are not necessarily motivated by higher rental returns. In addition to financial considerations, changes in residential mobility and work may have increased the demand for second residences and/or STRA. Interviews with industry insiders and property managers confirm that many providers of STRA are motivated to recover costs associated with maintaining a second residence that would otherwise be retained solely for personal use.

In considering policy responses to discourage landlords from converting long-term rental properties to STRA, and/or to incentivise or compel owners to transition short-term rental properties to the long-term market, it is important to understand these different financial circumstances.

In addition to the range of factors influencing the supply of STRA, this study also identified diverse sources of demand for temporary residential accommodation. In the wake of Australia's recent natural disasters, there has been increased demand for temporary and flexible housing options. This study confirms that demand for STRA responds to multiple situational contexts, including sudden spikes in regional housing demand; people visiting family or attending health services for extended periods of time; households relocating to an area; visiting students; contractors or employees associated with project based industries, such as film; and emergency accommodation.

1.1 Policy development options

International and Australian research highlights a range of potential responses to STRA that vary depending on the type of STRA model under review (e.g. primary residence, shared residence, secondary un-hosted residence) and local housing market context (e.g. the nature of demand for long-term rental accommodation and the nature of the local visitor economy).

Leading practice in STRA emphasises:

- clear, reliable and timely data to monitor STRA activity and housing market impacts, and to enforce existing regulations delivered through platform reporting, user-based registration and compliance mechanisms
- protecting long-term rental housing supply and, particularly, the rights of renters by restricting the conversion of long-term homes to STRA and/or offsetting losses
- defining spatial policies to recognise locations that are a key focus for tourism and may be appropriate for unrestricted STRA
- financial levers such as taxes or levies that apply equally across visitor accommodation providers, provide a mechanism for resourcing additional burdens on local infrastructure or services arising from short-term visitors, and may operate to disincentivise STRA relative to the long-term rental sector.

Notably, resources collected through financial levies on STRA should usually be spent in the local area or region of origin.

Local governments in high-demand areas must be supported in developing and implementing effective policy responses that limit the conversion of permanent accommodation to STRA, protect long-term renters from displacement, and offset housing market and infrastructure impacts of high visitor demand.

All levels of government have a role to play: the federal government sets national housing policy and oversees taxation and housing assistance, the state and territory governments have responsibility for land use regulations and renter protections, and local governments undertake planning and development activities.

Government leadership is needed to ensure platforms cooperate by supplying the detailed and timely property-level data needed to enforce regulations and monitor impacts. Access to detailed, property-level data remains essential for monitoring STRA activity and enforcing local regulations.

More widely, the strategic opportunity is to maximise the potential of the flexible and short-term housing sector as emergency housing in response to crisis events and sudden demand shocks. This will require strong coordination and resourcing, as well as collaboration across short- and long-term rental housing providers, social landlords and the emergency sector.

The study

The project employed quantitative and qualitative approaches to examine:

- the range and spatial distribution of STRA across Australia (hosted/un-hosted; long-term residences/holiday homes) and corresponding provider types and business models (single/multiple properties; owner/commercially managed; financing/taxation considerations)
- the impacts of these models for local housing markets and communities
- potential regulatory responses to resolve competing demands for residential accommodation across different metropolitan and regional settings.

This involved:

1. an international review of emerging policy and regulatory responses to STRA
2. development of a national typology of STRA models and spatial distribution
3. case study housing market analysis in Sydney, the NSW South Coast and Tasmania
4. case study interviews with STRA managers, providers and local government, and wider stakeholder engagement.

Custom datasets from Inside Airbnb were used to develop a national typology of STRA, and housing market analysis was undertaken to examine rental market impacts in case study areas.

1. Introduction

- **Widespread concern about the shortage of affordable rental supply has drawn attention to the impacts of short-term rental accommodation (STRA) on housing markets across Australia.**
- **This study seeks to inform policy responses by investigating the range of STRA types, provider motivations, business models and housing impacts to identify the levers that are most likely to influence provider decisions to re-enter or remain in the long-term rental sector.**
- **The research involved an international review of evidence and policy on STRA and intersections with local and regional housing markets, national-level analysis of STRA trends, case study analysis of STRA listings and housing market impacts over time, and interviews with key industry stakeholders and local government personnel.**
- **This chapter situates the study in relation to international and Australian research and policy on STRA and outlines the research questions, method and limitations.**

In the midst of widespread rental crises across metropolitan and regional markets, there has been rising concern about the impacts of short-term rental accommodation (STRA) on permanent rental supply (Department of Planning 2024; Parliament of South Australia 2025; Victorian Legislative Council Legal and Social Issues Committee 2023). Although holiday homes have long been a feature of coastal and other tourism destinations, the introduction of online platforms such as Airbnb facilitated a dramatic increase in demand for and supply of residential-style accommodation for visitors rather than long-term residents (Crommelin, Troy et al. 2020; Gurran and Phibbs 2017). The term 'short-term visitor' refers to individuals or groups occupying a dwelling for a temporary period, typically fewer than 90 consecutive days, without establishing it as their principal place of tenancy/residence.

Initial concern about STRA in Australia focused on major cities such as Sydney and Melbourne, where some property owners began shifting from long-term rental accommodation to the short-term tourist market almost a decade ago, apparently motivated by the potential for higher returns (Crommelin, Troy et al. 2020; Gurran and Phibbs 2017). However, subsequent research and more recent data indicate that motivations for engaging in STRA are more varied and context-dependent, including maintaining properties for family use during off-peak periods, responding to demand for flexible or temporary housing, and navigating regulatory or tenancy challenges in the long-term rental sector. With increased population growth and domestic tourism, wider concern about STRA has emerged in non-metropolitan areas, including areas with long histories of second home ownership (Gurran, Zhang et al. 2018; 2020).

State and local governments have struggled to reconcile tensions between residential tourism and pressures on long-term rental supply. In part this reflects a lack of reliable data about the structure and operation of the short-term rental sector, including the range of providers and their financial or other motivations. Better understanding the different types of STRA offered in residential homes and apartments across Australia's different metropolitan and regional settings, and the ways in which existing and potential regulatory settings influence provider decisions, can inform policy responses. This study examines these themes.

1.1 Policy context

Internationally, a range of regulatory approaches have been used to preserve long-term rental supply and manage the neighbourhood-level impacts of STRA (Nieuwland and van Melik 2020). These range from outright prohibitions, to annual caps on the number of nights a residential premise may be let to tourists, to differential rates or taxes, or spatial zoning restrictions that limit holiday rentals, to designated visitor destinations.

Australian jurisdictions have been slower to enact regulations (Gurran, Searle et al. 2018). However, over the past few years there have been a series of state and local initiatives to preserve the existing rental housing stock and to better manage the STRA sector. In 2017, Tasmania enacted a statewide permit system, a mandatory quarterly reporting requirement for STRA platforms and an incentive program to encourage STRA operators to convert properties back to long-term rental accommodation.

In 2021, New South Wales implemented a statewide policy that generally permits STRA in residential areas, subject to registration, and a 180-night cap in Sydney that may also be applied to other areas. Byron Shire has sought to impose a stricter regime, limiting stays to 60 nights. This regulation was in effect in September 2024. Western Australia has introduced new policy frameworks and regulations intended to discourage property owners from listing housing on STRA platforms and instead to incentivise a transition back to the long-term rental sector. These policy variations highlight the need for coordinated governance that includes but is not limited to platform cooperation. While platforms are central to facilitating STRA activity, their limited data sharing and variable compliance with local requirements continue to constrain impact assessment.

1.2 Existing research

Early research on the STRA sector and housing market implications emerged in the late 2010s (Gurran and Phibbs 2017; Horn and Merante 2017; Wachsmuth and Weisler 2018). A key focus was on the impacts for rental availability and the wider neighbourhood-level impacts arising from the conversion of residential dwellings to tourist accommodation (Cocola-Gant, Hof et al. 2021; Garcia-Lopez, Jofre-Monseny et al. 2020; Gurran, Searle et al. 2018). This concern focused particularly on major cities, some of which have had longstanding struggles between tourism and residential accommodation—such as San Francisco, New York, Barcelona and London (Brousseau, Metcalf et al. 2015; Ferreri and Sanyal 2018; Garcia-Lopez, Jofre-Monseny et al. 2020; Wachsmuth and Weisler 2018)—and others—such as Sydney in Australia—where there is less of a tradition of residential tourism than in regional areas (Gurran, Zhang et al. 2020). Overall, the potential to yield higher returns via the STRA sector was seen to motivate property owners to shift from offering long-term rental accommodation to the short-term tourist market (Crommelin, Troy et al. 2020; Gurran and Phibbs 2017).

Existing research highlights different types of STRA providers. These include home owners or renters who offer their primary residence while away; people who 'host' tourists in their own homes; second home owners who rent their properties while otherwise vacant; and operators who own, lease or manage multiple properties on a commercial basis. These different providers have a variety of motivations for entering the sector, ranging from the need to supplement primary incomes, through to the desire to maximise rental returns on a rental property or to capitalise on the new business opportunities enabled by platform tourism (Endrich, Verhaeghe et al. 2022). Emerging international research shows that the higher financial returns associated with STRA motivate some property owners to enter the sector, particularly in key tourism destinations; however, this only accounts for a proportion of overall STRA providers (Shokoohyar, Sobhani et al. 2020).

Only some types of STRA, such as whole homes used solely for visitor accommodation, are associated with negative housing and neighbourhood impacts (Wachsmuth and Weisler 2018). Others, such as hosted rooms, may support local residents while contributing to the tourist economy (Adamiak 2022; Gurran, Zhang et al. 2020). Beyond tourism, there may also be wider social and economic benefits arising from a flexible short-term rental sector. For instance, STRA may accommodate those needing residential accommodation for frequent or lengthy medical stays (Gourd 2019; Suess, Kang et al. 2020). Workers or students may use STRA when relocating or working temporarily in an area. Overall, however, a high density of STRA is associated with reduced housing for local employees (Cheng, Houge Mackenzie et al. 2022).

In addition, there is potential to mobilise STRA in periods of sudden crisis such as a natural emergency; indeed, there is evidence that some providers are willing to offer accommodation to displaced households (Hajibaba and Dolnicar 2017). However, as earlier AHURI research (Buckle, Gurran et al. 2020) suggested, and as more recent experience in the wake of the 2022 Northern Rivers floods has demonstrated, Australian efforts to utilise STRA as emergency accommodation remain ad hoc and inefficient (Oatway and Shoebridge 2022). In fact, the high concentration of STRA in disaster-affected communities, combined with the lack of mechanisms for utilising this stock as emergency accommodation, has only exacerbated the shortage of rental housing in flood- and fire-affected regions of New South Wales (MacKenzie and Kozaki 2023).

Overall, the Australian and international research on platform-enabled residential tourism emphasises the need for robust and nuanced policy settings to manage the potential impacts of demand for STRA on long-term rental supply.

1.3 Research methods

In this context, this study asked:

- What is leading international practice in managing STRA across different metropolitan and regional settings?
- What is the range and spatial distribution of STRA across Australia and corresponding provider types and business models?
- What are the impacts of these models for local housing markets and communities? Is there evidence that STRAs are serving demand beyond the tourism sector?
- Which regulatory responses effectively balance the range of competing demands for residential accommodation across different metropolitan and regional settings within a wider housing policy framework?

To address these questions, the project adopted a mixed methods research approach, combining quantitative analysis of STRA models and impacts with qualitative insights from STRA managers, providers, tourism operators, local government and housing sectors. Following an international review of emerging policy and regulatory responses to STRA, the team developed a national typology of STRA models and charted their spatial distribution before undertaking case study analyses in Sydney, the NSW South Coast and Tasmania. These case studies offered an opportunity to examine the different issues and impacts arising from STRA in different regions of Australia and under different policy settings.

The research methods are summarised in Table 1.

Table 1: Research questions, data sources and methodology

Research question	Data sources	Methodology
What is leading international practice in managing STRA across different metropolitan and regional settings?	International evidence review Eurostat data on visitor patterns	Review of research literature and emerging policy development, particularly at EU level Review of EU visitor data
What is the range and spatial distribution of STRA across Australia and corresponding provider types and business models?	Inside Airbnb customised datasets, both nationwide and at LGA scale, including data on nightly rates and occupancy levels Transcripts from interviews with STRA management companies and providers	National analysis of STRA typology by key indicators (e.g. accommodation type, availability, single/multi-listings, revenue) Verification of typology through STRA managers and provider interviews in case study regions Comparison of financial returns between median rental incomes and STRA projected incomes, by STRA typology and case study regions
What are the impacts of these models for local housing markets and communities? Is there evidence that STRAs are serving demand beyond the tourism sector?	Inside Airbnb data (case studies), Tasmanian Government data collection, Hobart City Council STRA permits and NSW Government registration data Rental bond data on median rents for comparative properties Vacancy rates and median rents Interview transcripts	Analysis of STRA intensity comparing nightly STRA rates and rents Interviews with local government representatives
Which regulatory responses effectively balance the range of competing demands for residential accommodation across different metropolitan and regional settings within a wider housing policy framework	International evidence and policy review Local government interviews (regulatory responses) Transcripts from interviews with STRA management companies and providers	Interview transcript analysis

Notes: EU (European Union), LGA (local government area).

Source: Authors.

Research evidence and international policy review

A review of international research and policy regarding STRA informed the research strategy. Our review focused on the emerging research relating to different STRA types, provider motivations and business models, as well as evidence on housing market impacts and different approaches to measuring these impacts. We also reviewed the latest research and policy material on regulatory responses to STRA internationally and in Australia. Overall, this review highlighted a series of indicators of STRA composition and impact, as well as broad categories of regulatory response and likely impact.

Data sources for short-term rentals

In considering data sources for STRA research, there are several options. The first is via sourcing data from the platforms themselves. This is very difficult in Australia because the platforms are reluctant to provide data to researchers.¹ The next option is to source data from organisations that scrape data from platform's websites. These include for-profit organisations like AirDNA or not-for-profits such as Inside Airbnb. The last option might be for the research team to scrape data directly from STRA platforms themselves.

In an interesting paper, Prentice and Pawlicz (2024) review these options after examining what other researchers have used for data in published work. In their resulting guidelines for researchers, they suggest Inside Airbnb for areas that are a major destination—except where funding is available, in which case they suggest AirDNA as an alternative. However, following the publication of their article, AirDNA announced that they had stopped providing data to a prominent academic STRA researcher, David Wachsmuth, because they believed his work was biased and that he received funding from the hotel sector.² This ruled out AirDNA as a possible source for obvious reasons.³ Any dataset from scraped data has limitations, including biased geographical location and limited availability of listings. However, given that our research was mostly focused on trends over time, we did not think these limitations were a significant risk for our work. Moreover, due to Tasmanian Government regulations, one of the case studies was able to use data directly provided by a number of STRA platforms.

European Union data on STRA

Eurostat is the official statistics agency of the European Union (EU) and is part of the EU civil service, known as the European Commission. It has collected tourism data for decades but, until recently, had no data on STRA. However, in March 2020, the European Commission concluded a data-sharing agreement with Airbnb, Booking.com, Expedia Group and Tripadvisor. Under this arrangement, formalised through individual agreements between each platform and Eurostat, access is granted to key datasets from the four collaborative platforms. The platforms provide the data directly to Eurostat. These data are amalgamated, and it is not possible to analyse the data by individual platform provider. These datasets enable the production and publication of official statistics on short-term accommodation rentals facilitated through the platforms. Specifically, the platforms committed to providing, on an ongoing basis, data on the number of nights booked and the number of guests. All information is processed in strict compliance with applicable EU legislation to safeguard the privacy of citizens, ensuring that neither guests nor hosts can be individually identified. The data provided include monthly statistics on the number of stays and guest nights by country, region and city as well as annual data by accommodation type and size (Eurostat, 2026).

A national typology of STRA models and their spatial distribution in Australia

Drawing on the literature review as well as an existing classification developed by Gurrán, Zhang et al. (2018) and Gurrán and Shrestha (2021) for application in regional areas, we developed a regional typology of STRA models and housing market intersections. The typology includes both metropolitan and regional settings as well as provider types and their business models. Custom datasets from the independent source Inside Airbnb were used to identify different provider types (e.g. room hosts, primary residents renting their own home, second home owners and commercial operators). This work drew on the analytical methods developed by Adamiak (2022) in his global analysis of different STRA provider types, particularly regarding multi-property listings as an indicator of specific business models.

1 Two members of the research team, Phibbs and Gurrán, negotiated with Airbnb for several months; despite assurances that the data would be supplied in due course, they were not provided.

2 The AirDNA chief economist made the announcement on X (Lane 2024).

3 It is interesting to note that in cases where AirDNA and Inside Airbnb data have been benchmarked they generate very similar results (Phibbs and Ely 2022: 20).

We were able to build a longitudinal analysis by drawing on datasets commissioned and retained by the research team over time. Between 2021 and 2024, nine intervals were analysed: April and August 2021, 2022 and 2023; and December 2022, 2023 and 2024. The August 2021 period allowed for benchmarking with the 2021 Census. August is typically a low-tourism season. By contrast, April corresponds with Easter and December corresponds with Christmas and the summer holidays, making these months key periods for analysis of listings trends over time. Notably, the focus of our analysis follows the sharp fall in international and interstate tourism associated with the COVID-19 pandemic, which saw STRA listings contract worldwide (Gil, Martínez et al. 2023).

Case study housing market analysis

We selected a variety of case study regions in New South Wales and Tasmania to offer insights into different metropolitan and regional contexts and housing market settings, and as a basis for comparing existing and potential policy responses.

Four different case study areas were selected in New South Wales—the state with the most stressed housing markets in Australia:

1. City of Sydney LGA, an inner-city location
2. Waverley LGA, an inner-coastal location with a high number of visitors
3. the Blue Mountains, an outer-metropolitan council, located in a world heritage area
4. the South Coast (focusing on Shoalhaven LGA), a regional coastal area with a large proportion of holidays homes.

The last enabled examination of the COVID demographic change, which saw the normal movement of population—from the regions to the city—reversed.

The City of Hobart LGA was selected as a basis for comparing capital cities. Unlike the City of Sydney, where border closures associated with COVID-19 led to a significant drop in the permanent population, Hobart attracted additional people during the pandemic.

While the City of Hobart is much smaller than the City of Sydney in terms of population, it has the highest density of STRA of any capital city in Australia. This may reflect its attractive, centrally located tourist area, where tourists compete with long-term renters for access to the city's rental stock. Hobart Council has actively sought to mitigate some of the negative effects of STRA in recent years. In examining Hobart, we were able to build on the findings of an earlier AHURI study completed in 2020 (Buckle, Gurran et al. 2020).

The case studies begin by examining recent patterns and trends in local rental markets. To understand different housing market impacts, rental bond data were collated alongside Inside Airbnb listings and Tasmanian Government data (Sydney, Hobart and the NSW South Coast), following the method demonstrated by team member Phibbs (Buckle, Gurran et al. 2020; Phibbs and Ely 2022). The Hobart case study had the advantage of having access to address listings of STRA properties thanks to the regulatory system operating in Tasmania. This provided a range of research opportunities that were not available in the New South Wales case studies. Regional data were first analysed at the postcode scale before focusing on areas of particular STRA density.

Interviews

Interviews were conducted with nine STRA management firms (many of whom were also short-term rental property providers) and tourism industry representatives with property portfolios that covered each of the case study regions (Table 2). This provided a basis for testing and refining our national typology of STRA, and for investigating the range of provider motivations and business models. Building on earlier AHURI research on STRA provider motivations (Crommelin, Troy et al. 2018), these interviews examined STRA provider motivations to invest in, or to convert, a residential property to STRA, and the range of financial arrangements (mortgage financing, taxation) associated with particular business models (e.g. hosted/un-hosted, single or multiple properties, owner or commercially managed, etc.). The interview data captured the perspectives and perceived motivations of commercial operators, including property managers and platform representatives, rather than homeowners as such.

Interviews with STRA managers and industry representatives focused on observed operator types, the scale and history of their STRA activity, financial and non-financial motivations, management arrangements, guest types, responses to external shocks such as the 2019–20 bushfires and COVID-19 lockdowns, market behaviours, influencing factors, and views on regulation and sectoral change.

Table 2: Overview of STRA industry interviewees

Description	No. of properties	Location
CEO 1, Australia-wide property management software company	1,000–2,000	Australia wide
Director 1, South Coast real estate/accommodation services	100–200	NSW South Coast
CEO, Sydney real estate/accommodation services company	100–200	Sydney
Director 2, South Coast real estate/accommodation services	250–500	NSW South Coast
Director, Australia-wide real estate/accommodation services	250–500	Across Australia (Sydney, Melbourne, Launceston and Hobart)
CEO 2, Australia-wide property management software company	2,000+	Australia wide
General manager, South Coast real estate/accommodation services	100–200	NSW South Coast
Managing director, Australia-wide property management software company	N/A	Australia wide
Board director, STRA peak body	N/A	Australia wide

Source: Authors.

Interviews with seven local government representatives in the case study regions informed our understanding of housing market impacts as well as existing and potential policy and regulatory responses. These interviews investigated local and state regulatory frameworks, objectives, data use and potential directions for reform. The interviews focused on experiences prior to, during and after the COVID-19 period.

The majority of interviewees consented to interview recordings, which were subsequently transcribed for analysis. Some local government interviewees requested that written notes only be taken. Communication with key informants was also carried out by email and telephone.

1.4 Research limitations

As with any study of this nature, there were inevitable limitations in our research approach. The first limitation was due to the lack of readily available data on STRA. As noted above, we used the independent source Inside Airbnb to obtain longitudinal datasets on listings trends in Australia and our case study regions. Although we were unable to fully verify these data, they were broadly consistent with other recent studies on the case study regions (e.g. Mecone and Atlas Economics 2024) and with data collected by the Tasmanian Government (used for our Hobart case study analysis). Due to the availability of data, our analysis focuses on nine intervals, another limitation, although the time periods covered (April, August and December between 2021 and 2024) include high, low and shoulder holiday seasons and follow the post-COVID-19 interruption.

A second limitation arose from this foundational lack of data on short-term rental listings: namely, it was not possible to directly communicate with the general population of owners around their motivations, experiences, financial costs and revenue arising from their STRA properties, particularly those listing less frequently or informally. However, interviews with STRA managing firms and peak body representatives provided a basis for identifying the range of likely perceived motivations for listing STRA properties that most likely intersect with the housing market as a key focus of this study (see Table 3, Section 2.1).

A final limitation relates to the wider generalisability of our findings. Overall, the study highlights regional and local-level differences in the range of Australian policy and regulatory settings applying to STRA as well as variations in potential costs and revenue. Although our case studies examine only three regions of Australia in detail, our selection captures distinctly different geographic, housing market, economic and regulatory conditions.

1.5 Structure of this report

This report address:

- International and Australian research and policy: Chapter 2 reviews key research evidence on the housing market impacts of different forms of STRA, and gives an overview of international and Australian policy responses.
- Australia's changing STRA landscape and housing market interactions: Chapter 3 examines STRA listings trends at the national level, before analysing intersections between STRA, local housing markets and existing policy settings in the case study communities (Sydney, the NSW South Coast and Hobart).
- Understanding commercial models of STRA: Chapter 4 presents a broad typology of different STRA models and provider types, before examining potential financial drivers for property owners considering whether to operate in the short- or long-term rental market.
- Stakeholder perspectives and potential policy responses: Chapter 5 draws on insights from interviews with STRA managers, providers and local planners to understand the range of financial and other motivations influencing decisions to enter or exit the short-term rental market. It also considers how these motivations may be impacted by potential policy levers designed to restrict the STRA sector.
- Policy development options: The concluding chapter summarises key findings and proposes strategies and policy responses for all three levels of government to manage tensions between short- and long-term rental housing demand. In particular, it proposes strategies and policy levers for resolving competing demands for residential accommodation across different metropolitan and regional settings.

2. International and Australian research evidence and policy review

- **There is a growing body of international research on the impacts of short-term rental accommodation (STRA) for local neighbourhoods and housing markets. Overall, this research confirms that higher concentrations of STRA contribute to higher rental costs and house prices.**
- **However, property owners or ‘hosts’ who offer STRA are not necessarily motivated by higher rental returns alone.**
- **Changes in residential mobility and work may have increased demand for second residences and/or STRA. In the wake of recent natural disasters in Australia, there has also been increased demand for temporary and flexible housing options.**
- **Internationally, rising concern about the impacts of STRA in major cities (particularly in Europe and North America) has translated to strong restrictions designed to preserve long-term housing stock and protect long-term renters.**
- **By contrast, the Australian states and territories have been relatively slow to respond to the growth of STRA platforms and implications for rental housing supply.**

There is a growing body of international research on short-term rental accommodation (STRA) within wider literature on the emergence of platforms such as Airbnb (Bosma 2022; Cocola-Gant, Hof et al. 2021; Gurran and Shrestha 2021). Initial concern focused on the implications of STRA for the tourism industry generally, and, more particularly, on traditional accommodation providers whose business models were challenged by the sudden emergence of lower priced and more flexible alternatives (Guttentag 2015). Critical attention soon questioned claims that platforms such as Airbnb were benign vanguards of a new 'collaborative' economy, enabling people to 'share' their homes with tourists in return for income towards rents or mortgages (Cocola-Gant and Gago 2021; Gurran and Phibbs 2017). Rather, the ease with which residential homes could be transformed into tourist accommodation, bypassing local regulations and marketing online, was shown to eviscerate rental supply and hasten gentrification in high-demand cities, such as New York, Barcelona and Los Angeles (Garcia-Lopez, Jofre-Monseny et al. 2020; Lee 2016; Wachsmuth and Weisler 2018).

Research has also focused on the range of regulatory responses to STRA in European and American cities (Nieuwland and van Melik 2020) and the difficulties for authorities seeking to enforce local rules without the cooperation of global platforms (Wegmann and Jiao 2017). Ironically, effective lobbying by platforms and major commercial operators meant that, in many jurisdictions in European cities, regulatory responses to STRA tended to legitimise rather than control conversion of residential homes to short-term accommodation (Cocola-Gant, Hof et al. 2021).

In the following sections we review this literature, paying close attention to research on the range of STRA models, differential housing market impacts, and the range of policy responses that have emerged internationally and in Australia.

2.1 Home sharing, second home tourism and temporary accommodation

Early notions of Airbnb as a platform for ordinary people to 'share' ordinary rooms in homes with tourists have long given way to the reality that, both in terms of demand and supply, most STRA takes the form of un-hosted, self-contained properties of a high standard, much of which is managed by professional operators (Iacovone 2023). Therefore, numerous researchers emphasise the need to identify and target regulation towards commercial operators rather than individuals who are sharing their own home (Cocola-Gant, Hof et al. 2021).

Table 3 summarises the potential housing market impacts associated with each type of STRA as well as typical providers or hosts.

Table 3: Forms of STRA and provider

Accommodation type	Provider	Potential housing market impacts
Primary residence: Whole property, available for less than a defined holiday period threshold (e.g. fewer than 90 days per year)	Typically listed and managed by resident (owner-occupier or renter)	Limited: Property remains a permanent residence
Shared residence: Room or shared room within host's residence (host remains present)	Typically listed and hosted by resident (owner-occupier or renter) May include some hostel style accommodation managed by professional provider (e.g. 'Backpackers' hostel)	Minor: Host may benefit from additional income; may be some loss of long-term share accommodation
Secondary/non-primary residence: Whole property, available for more than 90 days per year	Often listed and managed by commercial provider	Significant: Loss of long-term rental stock; higher rents/prices

Source: Authors.

Within this broad characterisation, there may be many different reasons for second home ownership and a further set of different motivations for offering second homes on the short-term rental market. There is clear evidence that some of these motivations are economic, with platforms such as Airbnb contributing to the financialisation of housing by enabling property owners to finance investment in second homes for rental profit and/or ultimate capital gain (Jover and Cocola-Gant 2023). However, other factors also explain rising demand for, and supply of, STRA.

For instance, the international research literature points to evidence of changes in residential mobility patterns, with more people moving to regional areas in the wake of the COVID-19 pandemic (Colomb and Gallent 2022). Similar demographic trends have been identified in Australia (Gurran, Werner et al. 2025). There are also indications of an increased demand for second residences, raising questions about whether there will be a long-term trend towards more temporary and mobile uses of housing. Such a shift would have implications for estimating and planning for future housing demand and raise new challenges in seeking to characterise and regulate the STRA sector.

In Canada, a rise of 'medium-term' rentals has been observed following the lull in tourism associated with the COVID-19 pandemic (Wachsmuth and Buglioni 2024). Described as 'neither house nor hotel', these properties were offered as short-term rentals prior to the pandemic. During the pandemic, rather than return them to the long-term sector, operators began to offer them for periods of one month or more, existing in a 'grey zone' between short- and long-term regulation. The authors emphasise that responses to this phenomenon must align with the substantive objectives of existing housing policy and regulation.

Provider motivations

Early studies of host motivations emphasised a combination of financial and social intentions (Bremser and Wüst 2021; Fischer, Pahus et al. 2019) but often failed to distinguish between different STRA models. A handful of studies in Australia have directly examined host motivations, particular decisions to offer properties in the short-term rather than the long-term rental sector (Crommelin, Parkinson et al. 2021; Crommelin, Troy et al. 2020; Mecone and Atlas Economics 2024; Queensland Government 2023).

Recent research commissioned by the City of Sydney found that property owners were motivated by higher financial returns and greater flexibility in the short-term sector versus offering long-term rental accommodation (Mecone and Atlas Economics 2024). However, in the context of high rents and low vacancies in the long-term rental market, financial incentives had decreased over the COVID-19 period. Similarly, research commissioned by Brisbane City Council found that property investors offering STRA sought higher incomes and greater flexibility (Brisbane City Council 2024). For these operators, policy settings that reduce the potential financial returns associated with STRA may prompt some to return properties to the long-term market.

For second home owners, renting to tourists while the house would otherwise be vacant may offer other benefits, such as property maintenance (Gil, Martínez et al. 2023). Restrictions on the STRA sector may not be sufficient to convert these longstanding holiday homes into long-term rental stock. Further, if second residences are an expression of residential mobility for some sectors of the population, such as those able to work remotely or in flexible ways, it may be incorrect to characterise these properties as 'tourist' accommodation.

Non-tourism uses of STRA

The potential for STRA to serve important functions as a source of temporary housing remains largely unexplored, although there is evidence that some providers are willing to offer accommodation to households displaced by disaster (Hajibaba and Dolnicar 2017). However, as earlier AHURI research (Buckle, Gurran et al. 2020) suggested, and as more recent experience in the wake of the 2022 Northern Rivers floods has demonstrated, Australian efforts to utilise STRA as emergency accommodation remain ad hoc and inefficient (Oatway and Shoebridge 2022). In fact, the high concentration of STRA in disaster-affected communities, combined with the lack of mechanisms for utilising this stock as emergency accommodation, has only exacerbated the shortage of rental housing in flood- and fire-affected regions of New South Wales (MacKenzie and Kozaki 2023).

2.2 Measuring housing market impacts of STRA

A burgeoning literature examines the potential impacts of STRA on local housing markets. This research, which varies in terms of data and methods, distinguishes between different types of STRA models. Table 4 summarises the indicators used to distinguish between different types of STRA and measure potential housing market impacts. The composition of STRA listings—distinguishing between whole homes (self-contained dwellings), rooms and shared rooms, and noting the proportion of whole homes that are frequently available and/or booked—provides a way of identifying whether ‘hosts’ are sharing their own homes or operating on a more commercial basis.

Listings placed by hosts who provide one or more properties are described as ‘multi-listings’. The proportion of multi-listings in a particular locality or region provides a measure of the extent to which these listings are of residential dwellings (occupied by owners who ‘host’ guests in their own homes) versus holiday houses or apartments that are professionally managed as part of a portfolio of visitor accommodation. A recent analysis of professional hosts in European cities defined commercial operators as those who manage more than one property, and found that such properties consistently recorded higher rates of usage and revenue compared to other listings (Iacovone 2023).

Qualitative measures of commercial activity in the STRA sector examine listings data to identify the names of professional firms and managers (Cocola-Gant, Jover et al. 2021).

The ‘density’ of STRAs is measured with reference to the overall housing stock within a particular geographic area. A high density indicates that an area is potentially or has already experienced high demand for residential-style visitor accommodation, which may ultimately displace local renters if additional long-term rental supply is not created.

Table 4: Indicators of STRA type and potential housing market impact

Indicator	Purpose
Composition of listings (whole homes, frequently available/rooms/shared rooms)	Indicates extent of ‘home sharing’ versus holiday home rentals
% of multi-listings	Measure extent of ‘commercialisation’ of short-term rental ownership and/or management
‘Density’ of STRAs (STRAs as % of overall housing stock)	Indicates extent of potential ‘touristification’—the ‘crowding out’ of residents
% of STRAs relative to rental stock/vacancy rate	Indicates potential housing impacts on the availability and cost of rental accommodation
Median rental income from whole home STRAs as % of median rents/mortgage	Indicates extent to which financial motivations drive investment in short-term rentals
Median rental income from rooms/shared rooms as % of median rent/mortgage	Indicates extent to which short-term rentals may supplement household income of resident hosts

Source: Authors.

Other indicators provide a measure of potential financial returns arising from STRA and, in turn, potential host motivations. Median rental income deriving from different types of STRA relative to rents and mortgage payments can provide insights into whether there are strong financial incentives for investors to offer short- versus long-term rental accommodation.

Overall, indicators of STRA activity and potential impacts are limited by the lack of access to information collected by platforms such as Airbnb (Rabiei-Dastjerdi, McArdle et al. 2022; Wang, Livingston et al. 2024). Consequently, qualitative data on the nature of STRA and potential impacts remains important to determine the most effective policy responses.

2.2.1 Comparing research findings

Table 5 below provides a summary of recent peer reviewed studies on housing market impacts of STRA in Australia and internationally. While the results vary, every study in the table describes how an increase in STRA activity generates an increase in rents and/or house prices. The majority of the studies examined periods when Airbnb activity was expanding in cities. However, several recent studies have taken advantage of the reduction in Airbnb activity during COVID-19 to examine rent changes in a shrinking STRA market.

Housing market impacts arising from STRA stem from the loss of long-term housing units, for instance, when a dwelling moves from the long- to the short-term rental market. This loss of rental supply puts upward pressure on rents and may also impact house sale prices. For instance, some investors will pay more for property that is able to be operated in the short-term sector if net returns are likely to be higher.

However, quantifying this demand and its effects on local housing markets is difficult, as highlighted by Phibbs and Ely (2022) in their analysis of STRA impacts in Tasmania. They distinguish between three basic approaches. The first, which they call 'investor-led', compares potential income revenue from STRA relative to the long-term market. The second assesses housing market effects arising from the loss of rental supply. The third uses econometric modelling to estimate actual impacts on prices and rents.

An Australian example of the investor-led approach compared potential Airbnb revenue against income arising from a long-term rental in Sydney and Melbourne. Finding that few properties would return higher yield in the short-term rental market, the authors concluded that investors would be unlikely to switch to the STRA sector, meaning that housing market impacts of Airbnb-style platforms would be minimal (SGS Economics and Planning 2018).

The housing assessment model examines how rental markets actually operate and the impact of dwelling units being diverted to the STRA sector, reducing rental vacancy rates. According to this approach, if vacancy rates in the long-term sector fall below equilibrium (i.e. a balance between supply and demand for rental accommodation), any STRA will put further pressure on rents.

Notably, in Australia, the equilibrium rental vacancy rate is between 2 and 3 per cent (Saunders and Tulip 2019). Analysis of rental housing markets in Sydney, Hobart and Melbourne shows rents increasing when vacancy rates fall below 2 per cent.

Figure 1: Annual percentage change in rents and vacancy rates in submarkets of Sydney, Melbourne and Hobart (2017–18)



Source: Pibbs (2018).

The econometric housing market analysis model tests for the actual impact on rents using robust statistical techniques. It is the most common method of analysis and has been used across the research to determine the impacts of STRA on rents and house prices. For instance, Horn and Merante (2017), examining the Boston rental market, show that an increase in Airbnb listings of one standard deviation is associated with an increase in asking rents of 0.4 per cent. Table 5 summarises the findings of studies employing these different approaches.

Overall, variation in research findings as to the size and direction of STRA impacts on housing markets (shown in the last column of Table 5) suggests that short-term rentals are one of many factors impacting housing markets which are already under pressure, particularly where the density of short-term rentals is high. However, impacts of STRA is likely to be less apparent in regions with shrinking population and/or demand for housing.

Table 5: Summary of research findings on the impact of STRA on housing markets

Authors	City	Year	Key finding
Safari, Zhang et al.	Hampton Roads, Virginia	2025	Having one additional active Airbnb property within 300 metres of a house increases the sale price by 0.34%
Rossi and d'Adonna	Bologna	2025	1% increase in Airbnb density leads to an increase in annual rent of approx. 19.14 Euros per square metre
Thackway, Randolph et al.	Sydney and regional NSW	2024	Positive association between Airbnb listings activity and long-term rents/supply
Fitzgerald	Tourism centres	2024	Demonstrated large differences between long- and short-term rental revenues for tourist towns/cities
Cunha and Lobão	Lisbon and Porto	2021	1% increase in the share of short-term rental leads to 27.4% and 16.1% increase in housing prices in Lisbon and Porto, respectively
Franco and Santos	Lisbon	2021	1% increase in Airbnb share generates 3.2% increase in house prices
Thackway and Pettit	Sydney	2021	COVID rents decreased more in local government areas with higher Airbnb densities, with 7% reduction in areas with the highest densities
Shabrina, Arcaute, et al.	London	2021	100% increase in Airbnb density generates 8% increase in rents
Trojanek, Gluszek et al.	Warsaw	2021	1% change in listings leads to 0.031% change in rents
Zou	Washington	2020	1 additional Airbnb dwelling in a 200-foot buffer increases prices by 0.78%
Buckle, Gurran et al.	Hobart	2020	During COVID-19, rents decreased more in local government areas with higher Airbnb densities
Rodríguez-Pérez de Arenaza, Hierro et al.	Andalusia Coast, Spain	2019	Airbnb leasing is responsible for 14% of total rents in the region
Barron, Kung et al.	US cities	2018	10% increase in Airbnb listings leads to 0.39% increase in rents and 0.64% increase in house prices
Eliasson, Ragnarsson et al.	Iceland	2018	Airbnb led to 2% increase on house prices per annum or about 15% of increase
Horn and Merante	Boston	2017	1 SD increase in listings leads to 0.4% increase in rents

Notes: SD (standard deviation).

Source: Adapted from Phibbs and Ely (2022).

The vast majority of peer reviewed studies of STRA and housing market impacts establish relationships between STRA and house prices and rents, as summarised in Table 5. This is unsurprising given that the studies are demonstrating a fundamental economic concept—that, other things being equal, reducing the supply of a good will increase its price.

2.3 International trends and policy responses to STRA

International concern about the impacts of STRA on local housing supply arose in the early 2010s, with the first studies conducted in cities such as San Francisco, New York and Los Angeles (Lee 2016; Wachsmuth and Weisler 2018). In Europe, cities such as Barcelona and Berlin were among the first to recognise and respond to the rising prevalence of STRA in residential neighbourhoods (Hübscher and Kallert 2023; Von Briel and Dolnicar 2020).

2.3.1 Classifying regulatory responses to STRA

Regulatory responses to STRA have aimed to manage potential negative amenity impacts on neighbouring residents; establish basic consumer health and safety protections; enforce existing regulatory requirements and financial obligations applying to other tourism providers (such as hotels); and, increasingly, to preserve long-term housing stock.

Various ways of classifying and comparing regulatory approaches have been identified by researchers. Key distinctions are drawn between cities that prohibit, limit, or encourage and enable STRA (Nieuwland and van Melik 2020). Others distinguish between measures that ban or restrict the activity, impose taxes or levies, use spatial regulations to control the location of STRA and/or require registration (Von Briel and Dolnicar 2020). Such measures can apply in isolation or in combination with enforcement mechanisms that range from cessation of a permit through to heavy fines and differ between jurisdictions. Other distinctions include which level of government (national, state/regional or local) has responsibility for designing, implementing and/or enforcing these regulations, and the distribution of responsibilities across hosts, guests or platforms (Von Briel and Dolnicar 2020). Table 6 summarises international regulatory responses to STRA.

Table 6: International regulatory responses to STRA

Mechanism	Objective	Responsibility
Data sharing requirements	Transparency, monitoring of STRA and enforcement of regulations	Platforms
Registration	Basis for monitoring, regulation and any taxation/levies	Hosts/providers
Taxes (e.g. bed tax/special rates)	Discourage STRA, raise revenue to offset impacts, equalise with other tourist accommodation	Hosts/providers
Time limited restrictions (e.g. night caps)	Preserve long-term accommodation	Hosts/providers, platforms
Spatial restrictions	Limit location of STRA	Local planning authority, hosts/providers
Prevention/ban	Preserve long-term accommodation	Hosts/providers

Source: Authors.

London, which permits STRA of entire homes without regulation for up to 90 days per year, and unrestricted accommodation if the 'host' remains present, has been described as having a 'laissez faire' approach (Ferreri and Sanyal 2018; Von Briel and Dolnicar 2020). By contrast, Amsterdam restricts whole home rentals to 30 days per calendar year, requires a permit for hosts to rent both whole homes and private rooms, and has sought to limit the number of permits issued for private rooms (Von Briel and Dolnicar 2020). Arguably more restrictive is Paris, where longstanding rules require a 'change of use' application by owners of residential properties wanting to offer tourist accommodation. Such owners are also obliged to provide compensatory residential floorspace. These rules were tightened and better enforced in response to the arrival of STRA platforms (Aguilera, Artioli et al. 2021).

Enforcing regulatory restrictions has proved extremely difficult, due in part to the reluctance of platforms to share data with local authorities. As shown in Table 6, the majority of regulatory responsibility falls to hosts, although platforms can ensure compliance by integrating requirements (including registration, nightly limits and levies) with booking systems. However, research indicates that tighter restrictions are effective in reducing the loss of whole homes to the short-term rental market, the proportion of homes that are managed by commercial entities as tourist accommodation and concentrations of STRA (Hübscher and Kallert 2023). Future research on the impact of restrictions introduced in the post-COVID-19 era, and in the context of improved data sharing in the European context, may shed more light on which regulatory mechanisms are most effective in preserving long-term housing stock and why.

2.3.2 Changing supply of STRA pre- and post-COVID-19

The COVID-19 pandemic had a major impact on international and domestic travel, including demand for and supply of STRA. In the wake of the pandemic, there has been speculation over whether these impacts would be long lasting. Recent data show that STRA activity has not only recovered but also exceeded pre-COVID levels.

Table 7, using guest nights⁴ as the base, shows trends in the EU since 2018, capturing the impact of COVID-19 and the rebound in recent years.⁵ The impact of the pandemic was striking, with STRA activity falling by almost 50 per cent between 2019 and 2020. However, the data show a quick rebound in activity, with year-on-year increases since 2021. Between 2018, the Eurostat baseline, and the most recent data from 2024, guest nights went from 441.9 million to 854.1 million, an increase of 93 per cent.

Table 7: Annual guest nights in the EU, 2018–24 (millions)

	Number of guest nights (millions)	% change
2018	441.9	n/a
2019	511.9	15.8
2020	271.7	-46.9
2021	363.9	33.9
2022	596.5	63.9
2023	718.9	20.5
2024	854.0	18.8

Source: Eurostat (2025).

These statistics show that STRA has accounted for approximately one-quarter of all tourist accommodation in the EU over recent years. This is clearly a very significant proportion of all tourist accommodation, demonstrating a rationale for regulatory intervention and supporting the concerns of many city and national governments.

Using 2023 EU statistics, Table 8 shows the number of guest nights from highest to lowest. France, Spain and Italy dominate, with 56 per cent of all guest nights. This makes sense given the relative population of these countries compared to others and the large scale of tourism. In countries like Spain, Italy, Portugal, Greece and Croatia, international guests dominate the STRA sector.

⁴ Guest nights refers to the number of nights spent during a stay, taking into account the size of the travel party (e.g. a family of four staying three nights in an apartment represents one stay, three nights and 12 guest nights).

⁵ These figures exclude the United Kingdom as it is no longer an EU member.

Table 8: Annual number of guest nights in STRA by origin, 2023

	Total	Domestic	International	Domestic %	International %
European Union	718,984,723	272,660,056	446,324,667	38	62
France	159,111,370	97,558,978	61,552,392	61	39
Spain	141,056,225	52,534,357	88,521,868	37	63
Italy	107,273,361	28,577,047	78,696,314	27	73
Germany	49,278,441	34,020,970	15,257,471	69	31
Portugal	39,523,891	5,281,627	34,242,264	13	87
Greece	38,446,318	5,488,848	32,957,470	14	86
Croatia	34,499,004	1,784,801	32,714,203	5	95
Poland	32,740,350	19,144,541	13,595,809	58	42
Austria	20,903,913	1,961,098	18,942,815	9	91
Belgium	11,074,324	3,374,102	7,700,222	30	70
Netherlands	10,043,743	2,461,203	7,582,540	25	75
Hungary	9,754,503	1,454,278	8,300,225	15	85
Czechia	8,876,511	2,456,388	6,420,123	28	72
Romania	7,607,941	3,874,276	3,733,665	51	49
Ireland	6,474,664	1,762,519	4,712,145	27	73
Sweden	6,380,298	2,166,332	4,213,966	34	66
Denmark	6,118,000	1,349,062	4,768,938	22	78
Cyprus	5,355,054	506,163	4,848,891	9	91
Finland	4,327,709	2,273,816	2,053,893	53	47
Malta	4,144,261	167,861	3,976,400	4	96
Bulgaria	3,882,287	1,293,306	2,588,981	33	67
Slovenia	3,482,560	262,492	3,220,068	8	92
Slovakia	3,118,891	973,086	2,145,805	31	69
Lithuania	2,063,077	1,013,279	1,049,798	49	51
Latvia	1,537,643	372,610	1,165,033	24	76
Estonia	1,482,227	514,517	967,710	35	65
Luxembourg	428,157	32,499	395,658	8	92

Source: Eurostat (2025).

Eurostat also produce STRA data by number of stays (Table 9). Similar trends are seen here, with France, Spain and Italy dominating the market with 55 per cent of the market share.

Table 9: Annual number of stays in STRA by origin, 2023

	Total	Domestic	International	Domestic %	International %
EU	65,745,074	30,411,546	35,333,528	46	54
France	15,671,282	10,664,864	5,006,418	68	32
Spain	10,169,047	4,663,035	5,506,012	46	54
Italy	10,074,082	3,321,645	6,752,437	33	67
Germany	5,016,470	3,568,287	1,448,183	71	29
Poland	4,249,057	2,782,698	1,466,359	65	35
Greece	3,279,200	802,568	2,476,632	24	76
Portugal	3,022,625	458,086	2,564,539	15	85
Croatia	2,440,482	268,283	2,172,199	11	89
Austria	1,595,397	236,222	1,359,175	15	85
Romania	1,127,281	665,716	461,565	59	41
Belgium	1,097,636	312,893	784,743	29	71
Hungary	1,080,704	233,530	847,174	22	78
Czechia	972,240	338,837	633,403	35	65
Netherlands	967,331	301,881	665,450	31	69
Ireland	688,703	195,231	493,472	28	72
Finland	603,873	386,333	217,540	64	36
Sweden	569,375	217,623	351,752	38	62
Denmark	557,032	160,762	396,270	29	71
Bulgaria	400,064	176,333	223,731	44	56
Slovenia	394,733	39,036	355,697	10	90
Slovakia	377,298	149,705	227,593	40	60
Lithuania	355,555	203,841	151,714	57	43
Cyprus	290,627	49,633	240,994	17	83
Estonia	241,321	113,639	127,682	47	53
Latvia	228,428	86,503	141,925	38	62
Malta	223,834	11,504	212,330	5	95
Luxembourg	51,397	2,858	48,539	6	94

Source: Eurostat (2025).

Moving from the national to a city view, Table 10 shows STRA activity in some of the most popular city destinations in the EU.⁶ It is not surprising to see Paris, Rome, Barcelona, Lisbon and Madrid topping this table given they are major tourist destinations. COVID had a clear and major impact on the tourist economy generally and STRA in particular. Between 2019 and 2020, STRA activity fell dramatically, by almost 80 per cent in the case of Rome, 76 per cent in Barcelona and 70 per cent in Lisbon, Madrid, Milan and Budapest. Barcelona saw a precipitous decline in STRA levels and is just back to pre-COVID levels.

Other cities that saw large declines in STRA activity over the COVID period have also witnessed very significant increases since this time. Indeed, Paris in 2023 was the most popular city from a STRA standpoint, with guest nights increasing by 45 per cent between 2018 and 2023. In the same period, Rome saw an increase of 38 per cent, Madrid of 35 per cent, Milan of 92 per cent and Nice of 56 per cent. Barcelona, an outlier, saw only a small increase of 4 per cent, likely a reflection of the more stringent regulations there (Gyódi, Mazur et al. 2025).

Table 10: Annual guest nights in popular EU cities, 2018–23

City	2018	2019	2020	2021	2022	2023	% change 2018–23
Paris	13,307,266	13,522,880	5,081,240	6,420,996	13,984,118	19,293,471	45.0
Roma	9,095,570	10,130,705	2,224,073	3,086,786	8,574,242	12,540,949	37.9
Barcelona	10,520,761	11,028,439	2,688,464	3,865,041	8,839,598	10,922,485	3.8
Lisbon	9,339,894	10,235,447	2,854,879	3,673,553	8,845,545	10,518,856	12.6
Madrid	7,012,555	7,904,312	2,406,819	3,504,602	7,058,977	9,478,604	35.2
Milano	3,644,365	4,437,525	1,353,116	1,865,848	4,363,083	6,990,754	91.8
Nice	4,318,095	4,913,753	2,670,491	3,391,740	5,701,285	6,749,199	56.3
Budapest	5,677,776	6,818,825	1,807,418	1,848,953	5,003,361	6,720,513	18.4

Source: Eurostat (2025).

2.3.3 EU and the regulation of STRA

Obligations for data generation and sharing have varied significantly between EU member states regarding scope, frequency and procedures. As the EU had no legal standing with regard to housing or planning policy, it initially sought to promote a collaborative or sharing economy and to avoid legal or market interventions where possible. However, several legal cases concluded that the EU could issue regulations on STRA to protect the public or common good (Pantazi 2021). Pressure by national governments and an alliance of city administrations led to the passage of *Regulation (EU) 2024/1028* on data collection and sharing relating to short-term accommodation rental services, requiring member states to establish a ‘harmonised register’ of STRA hosts by May 2026 (EU 2024, EU Parliament, 2024).

The new rules require platforms to support registration and data sharing, and for member states to establish a process for receiving monthly address-level data on STRA units, including information about the number of nights a unit was rented, the number of guests, listing URL and registration. In announcing the new requirements, Rapporteur Kim van Sapprentak emphasised the need for member states to implement their own regulations for ‘vacation rentals’ to ensure that housing remains affordable and available for local residents:

⁶ London is not included as it is outside of the EU.

Cities are experiencing a spike in illegal short-term holiday rentals. This is making cities across Europe harder to live in and less affordable. This law requires platforms to share their data with local authorities, allowing them to better enforce rules for vacation rentals so housing remains accessible for residents. (European Parliament 2024: 1)

Table 11 shows the main provisions of *Regulation (EU) 2024/1028*. The regulation obliges hosts to register their property. Online platforms will be required to provide local governments with key data on STRA activity and to verify the accuracy of the information provided by hosts. Local authorities will have the power to enforce registrations and to penalise hosts or platforms for non-compliance.

Table 11: Summary of *Regulation (EU) 2024/1028*

Key provision	Summary
Registration	Hosts of short-term rental properties will need to register their properties with authorities, obtaining a unique registration number to be displayed on online platforms and property listings.
Data sharing	Online platforms will be required to share data on rental activity, such as the number of rented nights and guests, with local authorities.
Verification	Online platforms will need to verify the accuracy of host information and conduct random checks to ensure compliance.
Enforcement	Authorities can suspend registration numbers, ask platforms to remove non-compliant listings, and impose penalties on non-compliant platforms or hosts.
Data reuse	The collected data will be used for tourism statistics and to support the development of innovative tourism services.
Implementation	Member states have a 24-month timeframe to implement the regulation, with the deadline being May 2026.

Source: EU (2024).

A lack of cooperation between online STRA platforms and public authorities is frequently noted in the literature. *Regulation (EU) 2024/1028* seeks to change this, requiring platforms to provide data on:

- number of nights for which a registered unit has been rented
- number of guests to whom the unit was rented per night
- guests' countries of residence
- specific address of the unit
- registration number and URL of the listing of the unit (to allow the identification of the host).

Regulation (EU) 2024/1028 also requires hosts to provide detailed information when registering a property (Table 12). One of the difficulties in undertaking research on this sector has been obtaining accurate and useful data. In theory, these obligations will provide such data.

Table 12: Data requirements of hosts under *Regulation (EU) 2024/1028*

Data requirements of hosts	Detail
Dwelling unit details	<ul style="list-style-type: none"> The specific address of the unit, including, where applicable, its number; letterbox number, if different; the floor that the unit is on; the land registry reference or any other type of information that enables it to be precisely identified The type of unit Whether the unit is offered as a part or whole of the host's primary or secondary residence, or for other purposes The maximum number of available bed places and of guests that the unit accommodates Where applicable, whether the unit is subject to an authorisation scheme under which the host is required to obtain authorisation to offer short-term rental accommodation services from the relevant competent authority, and if so, whether the host has obtained such authorisation
Host details (natural person)	<ul style="list-style-type: none"> Name National identification number or other information allowing the identification of the person Address Contact telephone number Electronic mail address for the competent authority to use for written communication
Host details (legal person)	<ul style="list-style-type: none"> Name National business registration number Name of a legal representative Registered address Contact telephone number of at least one representative of that legal person Electronic mail address that the competent authority can use for written communication

Source: Authors' summary.

2.4 Policy developments in Australia

Australia has generally been regarded as having a 'light touch' approach in relation to the short-term rental sector and the rise of online platforms such as Airbnb (Centre for Equitable Housing 2023; Gurran and Phibbs 2017). However, since 2023 several jurisdictions, including Victoria, Queensland, Western Australia and New South Wales, have reviewed and/or implemented significant changes to the regulatory frameworks surrounding the short-term rental sector. These interventions follow a set of measures enacted by Tasmania over the past decade (Grimmer, Vorobjovas-Pinta et al. 2019; Verdouw and Eccleston 2023).

2.4.1 Government responsibilities for STRA

The short-term rental sector is primarily subject to state and territorial jurisdiction. This includes land use planning and building regulations, which regulate the development, construction and use of residential dwellings and tourist accommodation; property (including rental and strata laws); and consumer protection (including trading practices). The Australian Competition and Consumer Commission has responsibility for enforcing national consumer and competition laws that bind international platforms such as Airbnb, but this is limited to provision of misleading information and unfair transactions.

All three levels of government have various powers to set taxes and levies, which can also directly or indirectly impact decisions about residential property investment and use.

Prior to the emergence of platforms such as Airbnb, local governments were primarily responsible for regulating residential and tourist accommodation. In addition to hotels, motels and resorts, these included bed and breakfast establishments, self-catering caravan parks and cabins, holiday homes and apartments.

Holiday homes have traditionally included second homes that may have been rented by their owners when not in use, often during peak holiday periods via a local real estate agent, increasingly facilitated by online booking systems. Historically, many local jurisdictions would not have imposed additional regulatory restrictions on using residential homes in this way.

However, in areas subject to high visitor populations, it was often the case that local planning schemes included specific provisions to regulate STRA, in addition to broader controls relating to purpose-built tourist accommodation and bed and breakfast operations (Gurran, Zhang et al. 2020).

2.4.2 State and territory interventions

The first wave of state- and territory-level responses to the short-term rental sector emerged around 2015–16, largely in response to concerns about the amenity impacts of unregulated tourist accommodation in residential neighbourhoods and buildings.

In 2016, the Queensland Government moved to offer 'opt in' planning provisions allowing local governments to regulate 'party houses', while Victoria introduced provisions to allow strata corporations to restrict un-hosted accommodation in multi-unit residential buildings. Western Australia encouraged local councils to adopt model definitions and controls for 'holiday homes', which were to be located in areas of 'high tourism amenity' (Gurran, Zhang et al. 2018).

South Australia issued advice to clarify that short-term rentals were to be considered residential and permissible in residential areas (per South Australia's *Development Act 1993*, Advisory Notice Building 04/16). This was consistent with the position in New South Wales, although some local government areas (including Shoalhaven, Kiama and Gosford) sought to manage negative amenity impacts.

While some jurisdictions were moving towards regulatory responses that acknowledged potential housing market impacts from STRA prior to the COVID-19 pandemic, these were limited. Tasmania led the way with the introduction of a registration scheme in 2019. That year New South Wales also began development of a more comprehensive regulatory framework that included a registration scheme and an annual cap on nights of un-hosted STRA use, as well as a code of conduct and rules enabling strata-titled buildings to ban un-hosted STRA. These measures were implemented during 2020–21.

The 2019–20 bushfires and subsequent COVID-19 period drew attention to rental market constraints in regional areas of New South Wales, Victoria and southern Queensland. During this time, demand for housing beyond the major cities coincided with increased domestic tourism, heightening competition for residential accommodation. Increased rental demand following the reopening of Australia's international borders reignited concerns over the effects of short-term accommodation on rental supply, leading to a new round of state interventions.

Objectives and characteristics of state STRA responses

The new round of state interventions reflects rising concern about housing affordability, particularly the potential for short-term rental properties to exacerbate the shortage of affordable rentals. Current state-level responses share some characteristics, such as:

- state registration of STRA (New South Wales, Western Australia, Victoria)
- definitional criteria (distinguishing between hosted and un-hosted properties)
- financial incentives for property owners who returned homes to the long-term rental sector (Tasmania, Western Australia) or levies on short-term accommodation (Victoria)
- restrictions on the number of days an un-hosted property may be used as STRA (Western Australia, New South Wales)

Western Australia's planning framework, articulated in *Position Statement: Planning for Tourism and Short-term Rental Accommodation* (Western Australian Planning Commission 2024), regards STRA as a distinct land use that is suitable for tourism zones. In the Perth metropolitan area, planning permission is required to use a property for STRA beyond 90 nights per year. Accommodation where the host remains onsite, including in ancillary dwellings, is excluded from these restrictions and exempt from the need for approval.

In an attempt to encourage property owners to transition from the short- to the long-term rental sector, the WA Government has offered a \$10,000 incentive payment. To be eligible for the payment, owners of un-hosted STRA must transfer their property to the long-term rental market for at least 12 months. A mandatory state registration system applies to un-hosted properties.

In 2021, following a parliamentary inquiry and an extended period of consideration, the NSW Government established the general permissibility of STRA in residential areas under its *State Environmental Planning Policy (Housing)*. Ostensibly to preserve long-term housing stock, the policy limits un-hosted accommodation to a maximum of 180 nights per year in the Sydney metropolitan area and some regional locations. However, stays of 21 days or more are not included in the 180-day limit, while accommodation in secondary dwellings (e.g. a backyard granny flat) is regarded as 'hosted' provided the operator remains onsite in the primary residence. Altogether these features mean the cap can be seen as very generous by international standards.

Reflecting the intense housing market pressures in the popular tourist destination of Byron Bay, tighter controls on un-hosted accommodation have been implemented. A limit of 60 nights per year applies to bookings in un-hosted accommodation beyond two mapped tourism precincts, preserving rental supply in residential areas.

All STRA must be listed on the NSW state register and is subject to an annual fee. A review of the overall NSW system commenced in February 2024, but the findings have not yet been released.

In Queensland, STRA remains subject to local planning controls. Some local councils, including the Sunshine Coast and Brisbane, have introduced differential rating schemes that define STRA as non-residential.

Tasmania is unique in requiring booking platforms to share data on short-stay accommodation in residential zones (Consumer Building and Occupational Services [CBOS] 2024). Under the *Tasmanian Short Stay Accommodation Act 2019*, quarterly data must specify address-level property information, planning permit status, the number of bedrooms used as accommodation and whether the property is the host's primary residence. As discussed further below, Tasmania is implementing financial incentives for short-term rental operators to convert properties by waiving land taxes for the first year of transition back to long-term rental accommodation (Tasmanian Government n.d.-a). In theory, local councils are able to regulate STRA through special area provisions in local planning schemes; however, the process for enacting these provisions has proved uncertain.

In Victoria, a 7.5 per cent levy has been imposed on 'short stays' since January 2025, under the *Short Stay Levy Act 2024*. The levy is to be hypothecated for social and affordable housing. Additionally, a higher land tax arrangement for second homes and investment properties was implemented in January 2024.

2.4.3 Local government responses to STRA

Prior to the widespread emergence of short-term rental platforms, some local councils managed self-catering accommodation, including STRA in residential holiday homes, through local planning frameworks. Where development approval was required to operate STRA, this was usually forthcoming subject to criteria regarding the number of guests able to be accommodated and conditions around managing noise, waste, parking impacts etc. (Gurran, Zhang et al. 2020). Other local provisions include the imposition of differential property rates. For instance, Brisbane City Council (2024) classifies short-term rental housing ('transitory accommodation') as a commercial activity, which is subject to a higher rate than residential dwellings. Higher rates on short-term accommodation are also imposed on the Sunshine Coast in Queensland, Margaret River in Western Australia (Gurran, Zhang et al. 2018) and in Hobart, as discussed further below.

Reflecting the depth of concern over increased rental demand following the 2019–20 bushfires and increased regional migration, many local councils, including Shoalhaven on the NSW South Coast, wrote to non-resident rate payers in 2022, requesting that they consider releasing properties back to the long-term rental market (Findlay 2022).

The imposition of state legislation pertaining to STRA limited the potential for local councils in some jurisdictions (e.g. New South Wales) to implement their own responses through planning schemes or other local laws. By contrast, the Queensland Government (2023) has expressly found that local government is best placed to address specific issues arising from short-term accommodation at the local level.

2.5 Policy implications

International research situates the rise of platform-enabled STRA within the wider financialisation of housing (Jover and Cocola-Gant 2023; Pettas, Avdikos et al. 2024). Reflecting widening economic inequalities, which are exacerbated and reinforced by housing status, platforms such as Airbnb offer a financial strategy for those with flexible work practices to enjoy dual residence while generating rental income. At the same time, renters in popular tourism destinations experience increased precarity and/or displacement as permanent homes are absorbed by the short-term rental market. Empirical evidence demonstrates that higher concentrations of STRA is associated with higher rents and house prices, but also that strict regulatory regimes can succeed in reducing the conversion of residential homes and dispersing residential tourism.

Australian jurisdictions initially moved to legitimise rather than restrict STRA. However, more recently, there have been limited state and local interventions designed to prevent the loss of long-term rental supply and, in some cases, to incentivise property owners to convert short-term stock back to the long-term market.

Internationally and in Australia, the focus of restrictions is on un-hosted whole properties; however, to date, there have been few attempts to understand how these restrictions might affect the range of financial and/or other factors influencing decisions to enter or exit the short-term rental sector. A better understanding of these factors and how they play out across the different STRA markets in urban and regional areas is critical for identifying appropriate policy and regulatory frameworks.

3. The changing STRA landscape and housing market interactions in Australia

- In Australia, the short-term rental accommodation (STRA) sector grew by more than 10 per cent between December 2022 and December 2024, rising from 150,578 to 174,558 listings, the largest growth being in the number of un-hosted properties.
- Nearly 60 per cent of listings are managed by a commercial provider operating more than one property. Most STRA occurs in tourism locations.
- Growth in the STRA sector exacerbates tight rental markets and increases pressure on local rents in areas where there is combined demand for visitor and long-term accommodation.
- In New South Wales, state registration and the introduction of a 180-night limit on un-hosted STRA has not addressed the tension between the short- and long-term rental sectors.
- In Hobart, Tasmania, the lack of a robust regulatory framework has resulted in the demonstrable loss of long-term rental accommodation, despite local council efforts.
- Overall, the rising professionalisation of the STRA sector likely makes it more difficult for Australian property owners to transition between short- and long-term rental markets.

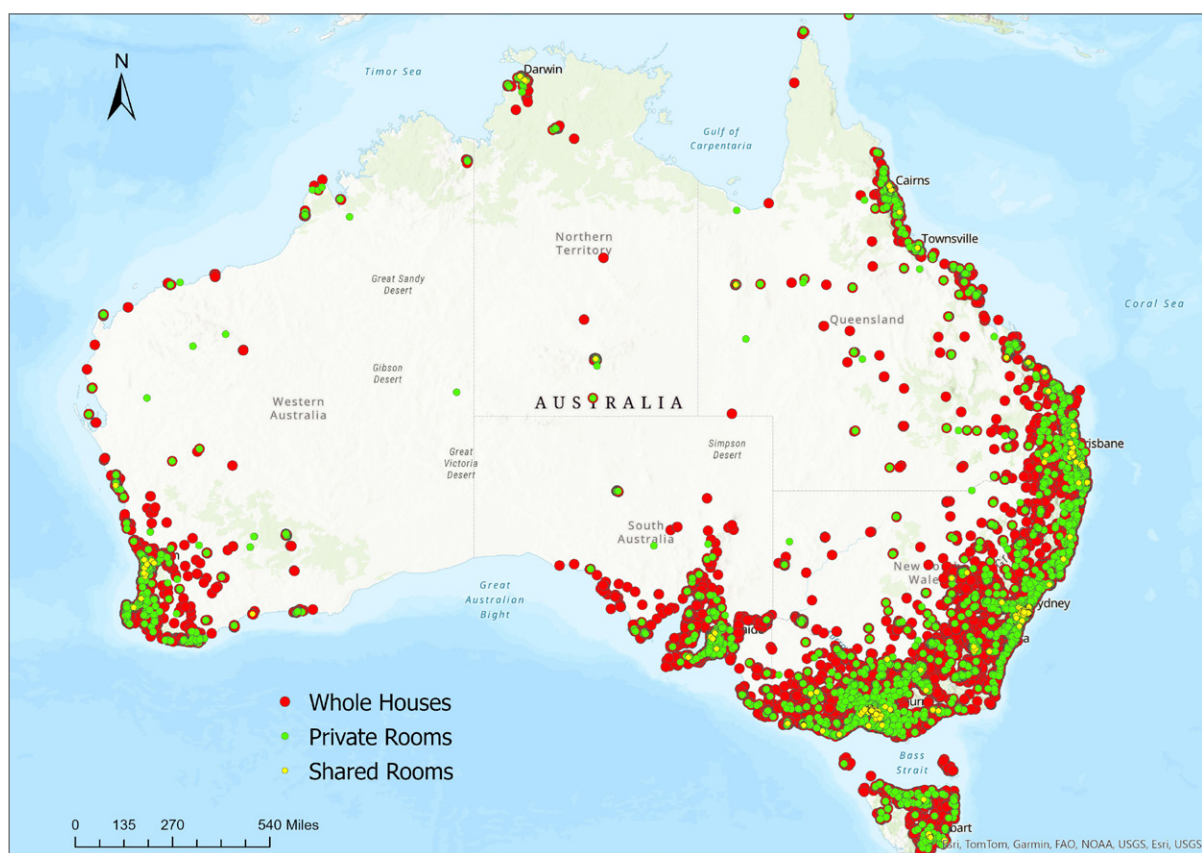
In this chapter we provide an overview of recent STRA trends in Australia, focusing on the composition of listings as well as indicators of commercial management of the sector. We then turn to our three case study regions of Sydney, the South Coast of New South Wales, and Hobart.

3.1 Overview of STRA listings trends

Our initial data collection focused on national-level STRA listings data supplied by Inside Airbnb. We analysed eight intervals of longitudinal data between 2021 and 2023, concentrating on three months: December, a peak period for domestic tourism; April, a shoulder period for most holiday regions; and August, typically the low season (and also the month in which Australia's five-yearly census is conducted).

Between March 2020 and February 2022, Australia's international borders were closed due to the COVID-19 pandemic, and many Australian states restricted interstate travel during the same period.

Figure 2: Distribution of STRA (Airbnb) listings, December 2024



Notes: Derived from Inside Airbnb data, dots reflect the spatial concentration pattern of listings.

Source: Authors.

As shown in Figure 2, STRA listings cluster around population centres and tourism destinations, extending far beyond the traditional geography of Australia's formal visitor accommodation supply.

Table 13 shows the composition of Airbnb listings at the national level over time. As shown, there has been a steady growth in the number of listings since December 2022, and a general increase in the proportion of listings that appear to be primarily reserved as tourist accommodation (frequently available whole dwellings for more than 90 nights per year).

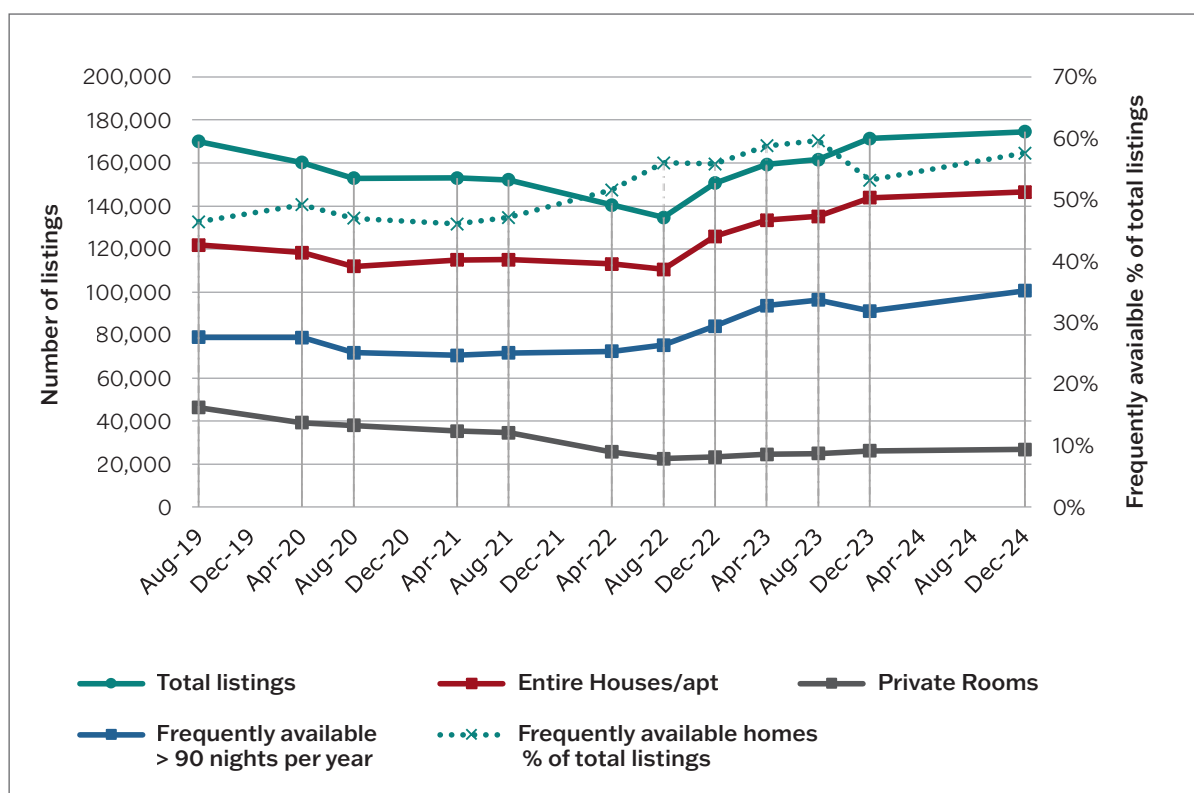
Table 13: STRA longitudinal data analysis (April 2021 – December 2024), Australia

Australia	Apr 21	Aug 21	Apr 22	Aug 22	Dec 22	Apr 23	Aug 23	Dec 23	Dec 24
Private rooms	35,397	34,647	25,656	22,544	23,247	24,533	24,985	26,201	26,817
Shared rooms	1,330	1,295	854	732	706	739	751	775	731
Entire houses/ apt	114,936	114,999	113,058	110,571	125,896	133,446	135,219	143,815	146,526
Entire houses/apt as % of total STRA	75.13	75.58	80.49	82.13	83.61	83.79	83.66	83.90	83.94
Frequently available > 90 nights per year*	70,505	71,747	72,497	75,401	84,122	93,653	96,378	91,178	100,560
Total STRA listings	152,989	152,158	140,460	134,625	150,578	159,255	161,621	171,416	174,558
Frequently available whole dwellings % of total listings	46.09	47.15	51.61	56.01	55.87	58.81	59.63	53.19	57.6
STRA as % of ABS estimated housing stock	1.4	1.4	1.3	1.2	1.4	1.5	1.5	1.6	1.6

Notes: *90 days+ availability is a measure used by Inside Airbnb and broader research analyses on housing market impacts arising from STRA platforms. The number of properties available for more than 90 nights per year grew steadily over this time, although the proportion relative to total listings fluctuated somewhat in 2023 before rising again in the 12 months to December 2024 (see Figure 3). ABS (Australian Bureau of Statistics).

Source: Authors, based on Inside Airbnb data.

Figure 3: STRA longitudinal data analysis (August 2019 – December 2024), Australia



Source: Authors, based on Inside Airbnb data.

3.1.1 Multi-listings

Our preliminary data indicate that, at the national level, Airbnb listings are overwhelmingly offered by people managing more than one property, indicating a high degree of professionalisation in the sector. The proportion of multi-listings identified in Table 14 was calculated with reference to hosts offering more than one property.

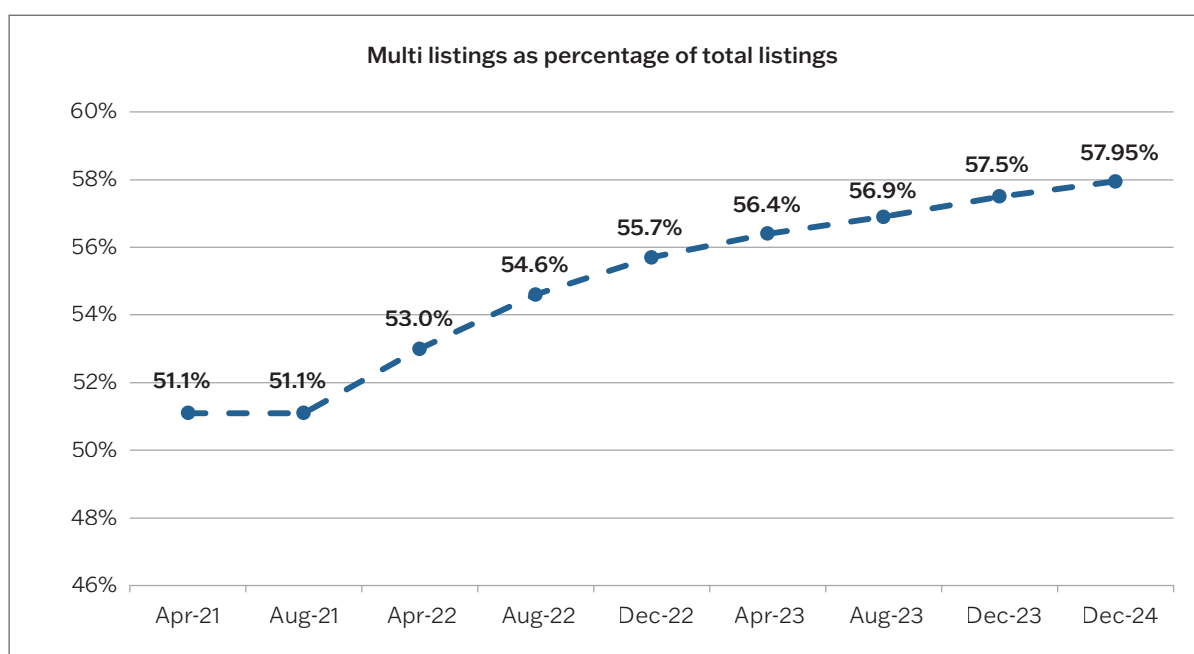
Table 14: Multi-listings, longitudinal trends (April 2021 – December 2024), Australia

Australia	Apr 21	Aug 21	Apr 22	Aug 22	Dec 22	Apr 23	Aug 23	Dec 23	Dec 24
Total STRA listings	152,989	152,158	140,460	134,625	150,578	159,255	161,621	171,416	174,558
Multi-listings	78,181	77,804	74,424	73,568	83,865	89,748	92,020	98,479	101,173
Multi-listings % of total listings	51.1	51.1	53.0	54.6	55.7	56.4	56.9	57.5	57.9

Source: Authors, based on Inside Airbnb data.

As shown in Figure 4, this proportion has increased gradually over time.

Figure 4: Multi-listings, longitudinal trends (April 2021 – December 2024), Australia



Source: Authors, based on Inside Airbnb data.

Table 15: Multi-listings by operators, December 2023, Australia

2–3 listings		4–10 listings		11–20 listings		20–50 listings		More than 50 listings	
Listings	Operators	Listings	Operators	Listings	Operators	Listings	Operators	Listings	Operators
29,391	13,055	21,295	3,854	8,712	608	12,573	404	26,413	266
29.90%	71.80%	21.60%	21.20%	8.90%	3.30%	12.80%	2.20%	26.80%	1.50%

Source: Authors, based on Inside Airbnb data, August 2023.

In contrast to popular perceptions of platforms such as Airbnb as primarily about ‘home sharing’ between ‘peers’ (rather than ‘businesses’ to ‘consumers’), these figures translate to a short-term rental industry that is highly professionalised. In December 2023, only 42.6 per cent (73,032) of Australia’s 171,416 Airbnb listings were offered by individuals hosting a single property. The remaining 98,384 properties (57.4% of total listings) were offered by 18,187 entities.

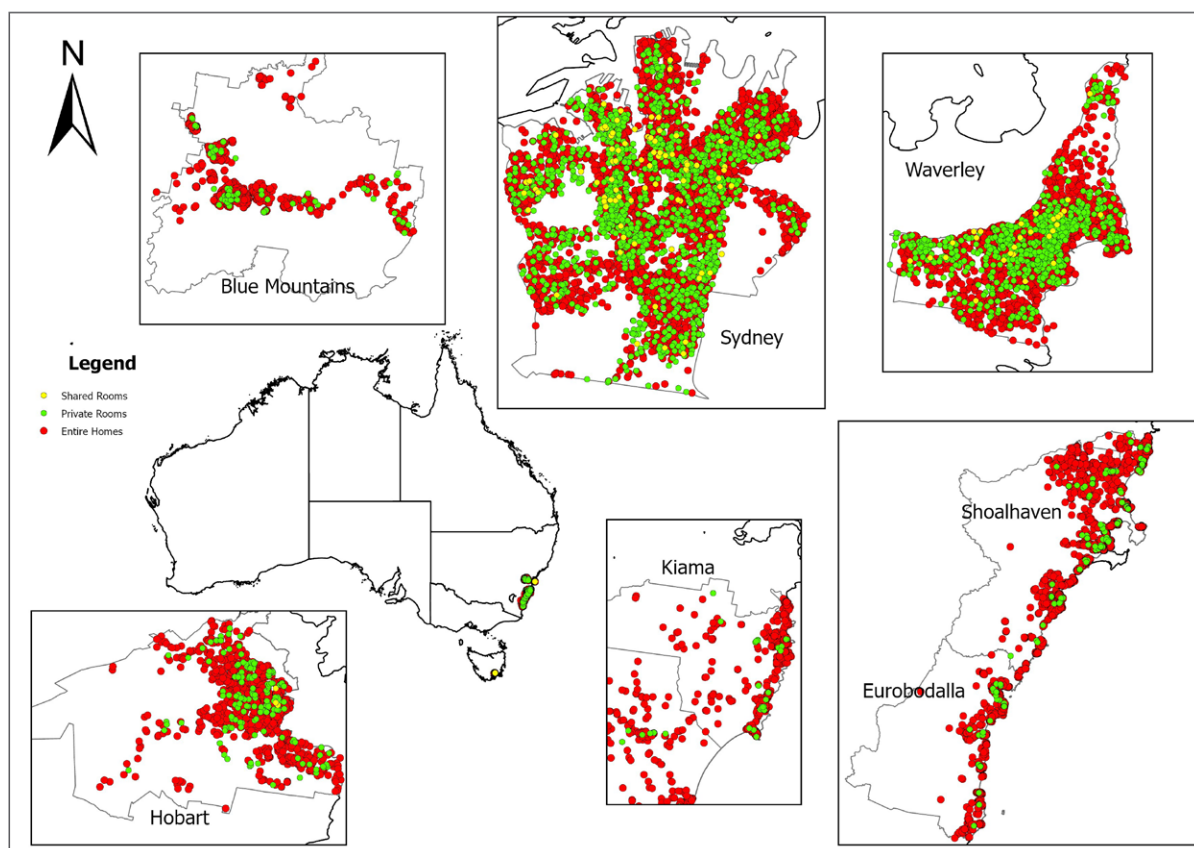
3.2 Case study analysis

In the following sections we look more closely at listings trends, housing market indicators and policy responses in our case study communities. In doing so, we draw on Inside Airbnb data as well as available housing market and state government supplied information in addition to interviews with seven local government representatives.

3.2.1 Overview of case study listings and trends

Each of the case study areas analysed in this study are characterised by much higher rates of STRA than Australia overall. Figure 5 shows the composition, distribution and density of Airbnb listings across the case studies. Note that for this analysis, the City of Sydney, Waverley and the Blue Mountains are the focus areas within the Greater Sydney region case study.

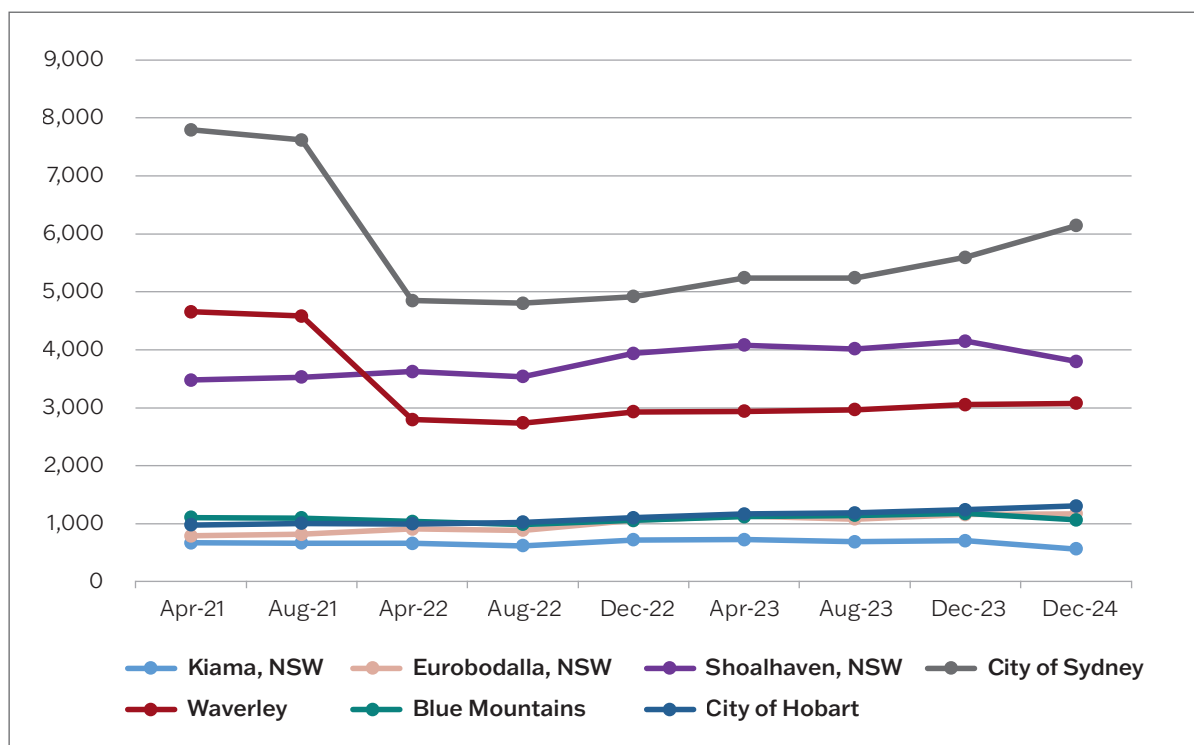
Figure 5: Distribution and composition of listings in case study regions, December 2024



Notes: Dots reflect spatial concentration pattern of listings.

Source: Authors, based on Inside Airbnb data, December 2024.

Figure 6: Airbnb listings longitudinal trends, case studies (April 2021 – December 2024)



Source: Authors, based on Inside Airbnb data.

The December 2024 data reveal significant patterns in STRA across the case study areas, with notable differences between coastal and metropolitan areas (Table 16). There was a sharp decline in listings between August 2021 and April 2022 and then gradual growth in listings from August 2023 to December 2024 in the metropolitan local government areas (LGAs) of Sydney and Waverley (Figure 6), but some fluctuation in the NSW South Coast region. By far the greatest number of short-term rental listings are concentrated in the City of Sydney.

Whole properties dominate the listings in these case study areas, shown in particularly high proportions in the NSW South Coast communities of Shoalhaven (97.0%), Eurobodalla (96.3%) and Kiama (95.7%). These areas have long traditions of second home ownership, and self-contained holiday rental properties comprise a significant proportion of the accommodation infrastructure that is central to the region’s visitor economy. In Hobart, whole properties also dominate listings (86%). By contrast, the metropolitan areas of Greater Sydney show comparatively lower but still substantial proportions of whole property listings: 71.1 per cent in the City of Sydney and 78 per cent in the City of Waverley, while 91 per cent of listings are whole properties in the touristic Blue Mountains.

The frequency of property availability follows a similar pattern. In coastal regions, a very high percentage of properties are frequently available (>90 nights per year): Shoalhaven, 83.1 per cent; Eurobodalla, 79.9 per cent; and Kiama, 75.9 per cent. In Hobart, more than 50 per cent of properties are frequently available. This contrasts sharply with metropolitan areas where frequently available properties represent much smaller proportions: City of Sydney, 30.7 per cent; and City of Waverley, 26.9 per cent. Again, the Blue Mountains at 74 per cent is in contrast to the other Sydney LGAs.

There is evidence of property portfolio concentration, with multi-listings accounting for a significant proportions of the market. Shoalhaven shows the highest concentration (66.9%), followed by similar levels in Kiama (58.5%), City of Sydney (56.9%), City of Hobart (56.3%) and Eurobodalla (54.4%). Notably, the City of Waverley stands out with a much lower proportion of multi-listings (15.3%). This suggests a greater rate of home owners temporarily renting out their primary residence as opposed to running a commercial tourism property or having an agent manage a holiday home, consistent with the fact that more than two-thirds of listings in Waverley are offered for fewer than three months per year.

The data suggest that the high density of STRA is likely to exacerbate rental market pressure. Rental vacancy rates are extremely low across all communities with available data, ranging from just 0.3 per cent in Kiama to 2 per cent in the City of Waverley.

The ratio of frequently available Airbnb properties to rental vacancies is particularly striking in coastal areas. For instance, the few rental vacancies recorded in Kiama in December 2024 were outnumbered by short-term listings. However, even in Waverley, where frequently available whole properties amount to fewer than 30 per cent of total listings, these listings equate to around four times the number of vacancies in the long-term rental market.

Table 16: STRA data analysis and housing market trends, case study communities, December 2024

Case studies	Kiama	Eurobodalla	Shoalhaven	City of Sydney	Waverley	Blue Mountains	Hobart
Total Airbnb listings	564	1,172	3,798	6,142	3,076	1,067	1,303
Whole properties	540	1,129	3,683	4,613	2,400	971	1,121
Whole properties as % of total listings	95.7	96.3	97.0	75.1	78.0	91.0	86.0
Hosted rooms	24	43	110	1,484	672	96	164
Hosted rooms as % of total listings	4.3	3.7	2.9	24.2	21.8	9.0	12.6
Frequently available whole properties > 90 nights per year	428	937	3,158	1,886	826	790	734
Frequently available whole dwellings % of total listings	75.9	79.9	83.1	30.7	26.9	74.0	56.3
Multi-listings	330	638	2,541	3,493	471	568	733
Multi-listings as % of total listings	58.5	54.4	66.9	56.9	15.3	53.2	56.3
Rental vacancy rate (%)	0.30	NA	1.20	NA	2.00	0.90	0.48
ABS private rental properties	1,054	2,026	6,063	48,407	10,867	3,583	4,278
STRAs as % of ABS rental housing stock	53.5	57.8	62.6	12.7	28.3	29.8	30.5
Rental vacancies	3	NA	73	NA	217	32	21
Frequently available whole properties as multiple of rental vacancies	135	NA	43	NA	4	24	36
Median rents	\$680	\$500	\$540	\$800	\$994	\$620	\$625

Notes: ABS (Australian Bureau of Statistics).

Source: Authors, based on Inside Airbnb data, and rent and sales reports; ABS (2021); id Housing (2024); SQM (2024).

3.3 Greater Sydney case studies

Sydney, Australia's largest city and a hub for international migration, tourism and financial services, was an early focus for Airbnb's Australian launch in 2012. Greater Sydney's metropolitan area includes 39 local government areas but STRA listings are particularly clustered in the central City of Sydney (over 6,000 listings) area, which encompasses the CBD as well as the main tourist and harbourside locations, and Waverley (over 3,000 listings), which includes the iconic Bondi Beach (Table 16). Other beach and harbour locations, including North Sydney, Manly, Pittwater and Randwick, are also a focus for STRA listings. The Blue Mountains, with its world heritage-listed national park, is on the western perimeter of Greater Sydney. An attractive location for weekend tourism and second home owners, there were over 100 properties listed in the Blue Mountains in December 2024.

Our focus is on the City of Sydney, Waverley and the Blue Mountains. These LGAs were chosen because of the concentration of STRA in each locality as well as the longstanding importance of tourism for their respective local economies.

Analysis of listing trends

Short-term rental listing trends in Greater Sydney follow national and international patterns. As shown in Table 17, there was a reduction in the total number of listings and the number of frequently available whole properties between April 2021 and August 2022. However, up to December 2024, an additional 5,804 listings had been added, mostly entire properties (Figure 7). Indeed, one-third of Sydney's listings are frequently available whole dwellings (up from one-fifth in April 2021 when international borders were closed). This number is equivalent to 60 per cent of the overall rental vacancy rate in December 2024.

Table 17: STRA longitudinal data analysis and housing market trends, Greater Sydney

Sydney	Apr 21	Aug 21	Apr 22	Aug 22	Apr 23	Aug 23	Dec 24
Private rooms	9,838	12,022	7,014	6,713	6,720	6,841	6,833
Shared rooms	584	588	322	295	282	268	239
Entire house/apartment	20,777	19,380	14,526	14,701	17,111	17,708	20,451
Frequently available whole properties >90 nights per year	7,146	9,927	5,703	5,651	7,652	7,695	9,238
Total short-term rental listings on Airbnb platform	33,981	32,193	21,991	21,811	24,219	24,921	27,615
Frequently available whole dwellings % age of total listings	21.0	30.8	25.9	25.9	31.6	30.9	33.4
Rental vacancies (SQM data)	23,422	19,976	12,758	10,502	10,133	10,281	15,263
Airbnb frequently available as % of rental vacancies	30.5	49.7	44.7	53.8	75.5	74.8	60.5
Median rent all properties (rent and sales reports)	\$495	\$500	\$550	\$570	\$640	\$650	\$700

Source: Authors, based on Inside Airbnb data, SQM data, and rent and sales reports.

In contrast to national trends, the overall proportion of multi-listings in Sydney is around 40 per cent of the total across the metropolitan area (with differences emerging at the local government area level) (Table 18). This may indicate a situation in which individuals are offering self-organised accommodation within their own homes, rather than the more professional approach to tourist accommodation management, which seems to be occurring in many regional areas. This is consistent with residents seeking additional and flexible sources of income to support rent or mortgage payments. However, the overall number of hosts offering private and shared rooms has generally fallen over the period.

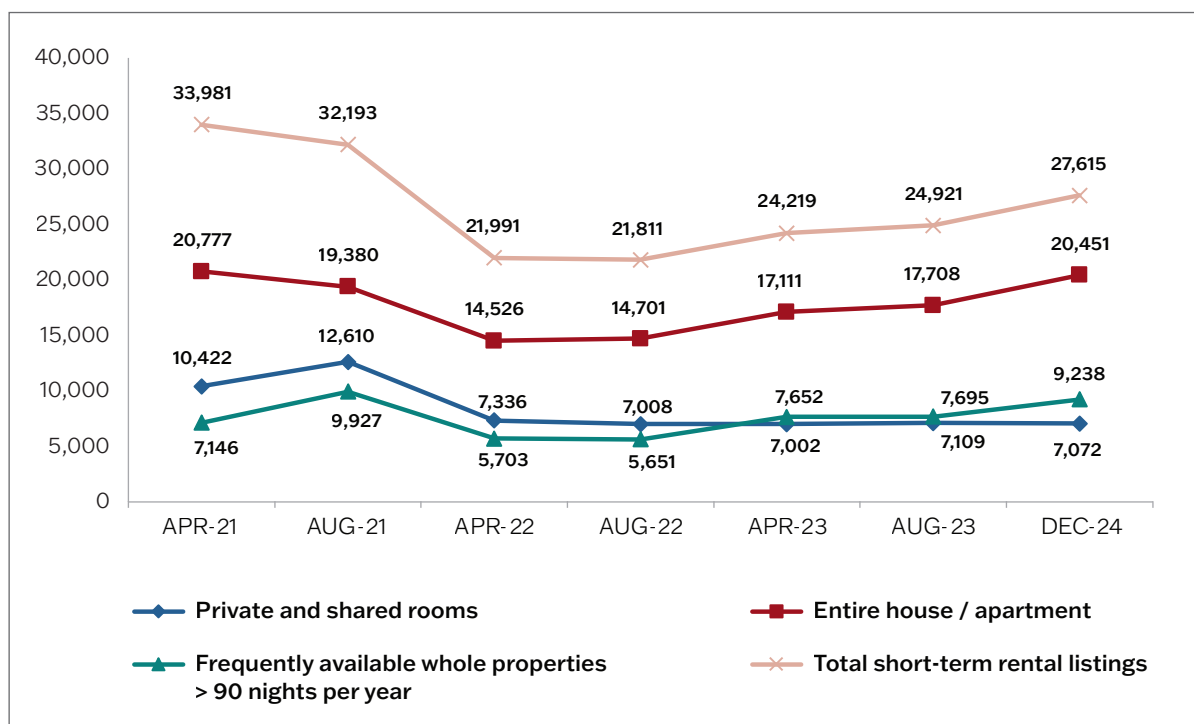
Table 18: Multi-listing trends by LGAs, Greater Sydney, December 2024

Greater Sydney LGAs	Total STRA listings	Entire houses	Private and shared rooms	Multi-listings	Multi-listings as % of total listings
Ashfield	217	142	75	117	53.92
Auburn	516	379	132	364	70.54
Bankstown	257	105	152	158	61.48
Blacktown	345	165	180	185	53.62
Blue Mountains	1,067	971	96	568	53.23
Botany Bay	537	306	230	329	61.27
Burwood	266	170	96	187	70.30
Camden	97	70	27	53	54.64
Campbelltown	128	68	60	74	57.81
Canada Bay	387	246	141	218	56.33
Canterbury	256	132	124	101	39.45
Fairfield	182	111	71	138	75.82
Holroyd	102	51	51	57	55.88
Hornsby	428	306	122	215	50.23
Hunters Hill	30	23	7	4	13.33
Hurstville	164	70	94	89	54.27
Kogarah	161	78	83	78	48.45
Ku-Ring-Gai	357	182	175	201	56.30
Lane Cove	180	118	62	86	47.78
Leichhardt	585	452	133	226	38.63
Liverpool	211	122	89	124	58.77
Manly	1,267	1,107	160	483	38.12
Marrickville	783	529	252	367	46.87
Mosman	365	321	42	177	48.49
North Sydney	1,010	831	172	493	48.81
Parramatta	479	267	208	263	54.91
Penrith	199	136	63	114	57.29
Pittwater	1,126	1,064	62	479	42.54
Randwick	1,859	1,248	589	668	35.93%
Rockdale	531	296	235	230	43.31
Ryde	536	335	201	303	56.53
Strathfield	178	107	71	108	60.67
Sutherland Shire	559	487	70	177	31.66
Sydney	6,142	4,613	1,484	3,493	56.87
The Hills Shire	365	240	125	185	50.68
Warringah	1,339	1,165	174	314	23.45
Waverley	3,076	2,400	672	471	15.31
Willoughby	401	309	92	215	53.62
Woollahra	927	729	200	384	41.42
Total Sydney	27,615	20,451	7,072	12,496	45.25

Source: Authors, based on Inside Airbnb data, December 2024.

Analysis of multi-listings by Sydney LGA highlights some surprising observations, with high proportions of multi-listings in localities that are not traditional focal points for international tourism. For instance, over 70 per cent of the 516 listings in the middle ring suburb of Auburn are listed by a host managing more than one property (Table 18).

Figure 7: STRA longitudinal data analysis (April 2021 – December 2024), Greater Sydney



Source: Authors, based on Inside Airbnb data.

In Figures 7, 8, 9 and 10, we examine short- and long-term rental trends in Greater Sydney and our case study areas against short-term listings trends. As shown, there has been a general reduction in long-term vacancy rates over the period. Following the reopening of international borders, the city’s rental vacancy rate further deteriorated (and rents increased), while there was a gradual increase in the number of frequently available short-term rental properties.

City of Sydney

The City of Sydney has an active STRA market mainly associated with the many tourists visiting Australia’s global city. Table 7 shows that it has the largest number of STRA listings of all Greater Sydney LGAs. However, the significant decline in STRA when the borders closed in 2020 led to some STRA owners moving across to long-term rental. A sharp decrease in population in the area resulted in considerable downward pressure on rents: between June 2020 and June 2021 the population of the City of Sydney declined by about 14,000 people or 6%. Subsequently, in line with the trend towards smaller household sizes (driven by larger household incomes as a result of COVID-19 payments and increasing work-from-home options), the demand for rental properties grew. When the borders reopened, this was matched by significant increases in population, leading to the largest rent increases seen in over 20 years (Figure 8). Between September 2021 and September 2022, rent for two-bedroom dwellings increased by 20 per cent.

Waverley

Waverley LGA has always been a popular destination for visitors to Sydney. The total number of STRA un-hosted properties in Greater Sydney is second in Waverley, behind the City of Sydney. The broad housing trends are similar to those observed in the City of Sydney, with a decline in population associated with COVID-19 leading to a reduction in rents. There was also a significant increase in total active rental bonds, most likely due to a switch from STRA to long-term rental. However, the decrease in population was not as severe in Waverley as in the City of Sydney, probably because of the attractiveness of its coastal location. The opening up of borders and the return of temporary migrants saw a surge in population and a significant increase in rents in 2023 (13%), although not as high as in the City of Sydney.

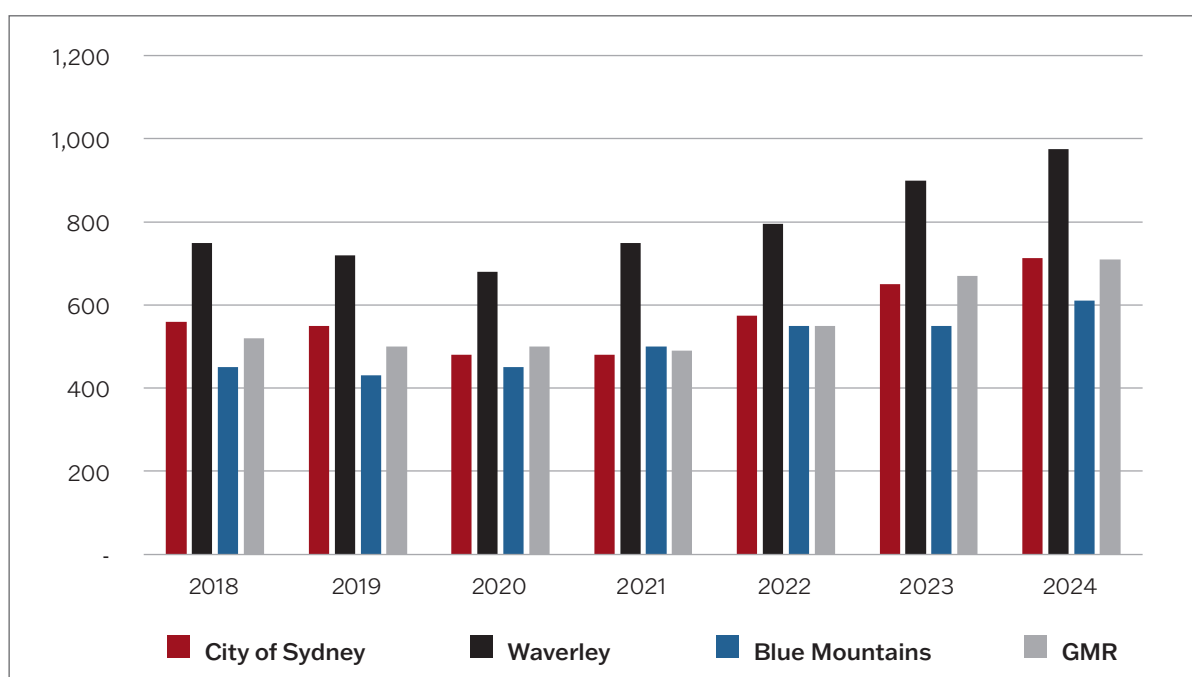
Blue Mountains

The Blue Mountains sits on the western edge of Greater Sydney. Its rugged topography, world heritage status and significant bushfire risk limits urban development. Residential growth usually occurs through modest urban infill rather than large-scale urban greenfield development.

The area has always been a popular location for holiday homes, with many families having a weekender in one of the urban villages dotted along the ridges in the LGA. As a result, STRA has been an important part of the housing mix in the area. Figure 6 shows that, unlike the City of Sydney, there has been no steep decline in STRA; instead, the numbers have remained steady over recent years.

Looking at the long-term rental market in the area, there was a steady reduction in active bonds between September 2020 and September 2022, leading to a significant increase in rents (around 10% per annum). This rent increase was lower than the City of Sydney and Waverley, most likely because of subdued population growth in the same period. Active bonds recovered after September 2022, moderating rent increases, although this trend reversed in the 12 months to September 2024, resulting in larger rent increases. In a work-from-home world, the attractiveness of the Blue Mountains likely played a role, prompting the conversion of housing from rental to owner-occupied.

Figure 8: Weekly rents in the Sydney case study areas, September quarter, 2018–24

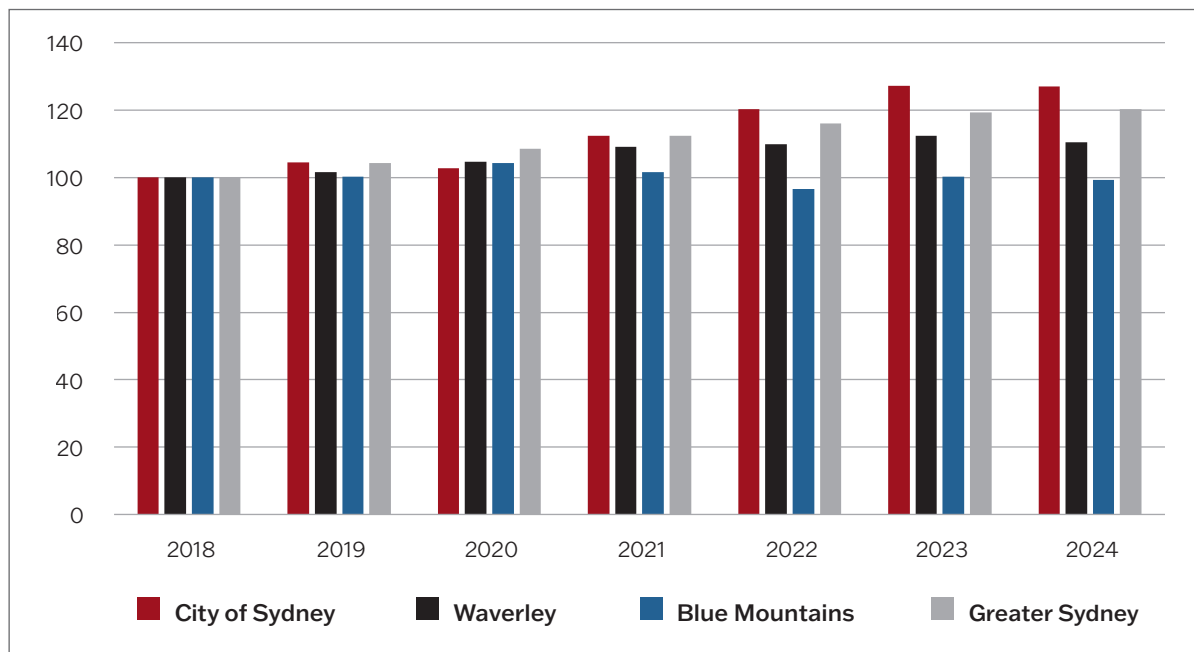


Notes: GMR (greater metropolitan region).

Source: NSW Department of Communities and Justice (2025).

In an indication of extreme market pressure, the total number of rental bonds (indicating long-term rental units) fell in the Blue Mountains between 2018 and 2024.

Figure 9: Trends in total active bonds, Sydney case study areas, September quarter, 2018–24

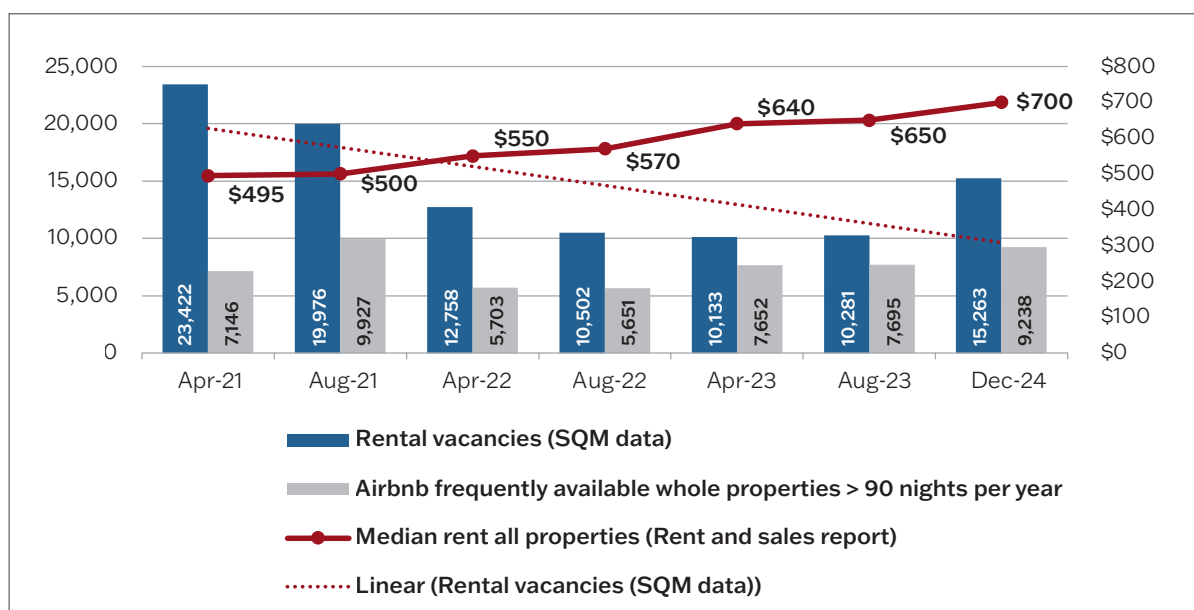


Notes: September quarter 2018 = 100.

Source: NSW Department of Communities and Justice (2025).

Overall, the data highlight a steady growth in frequently available whole STRA properties in Greater Sydney since the COVID-19 contraction, coinciding with rising rents and tight rental vacancy rates up to December 2024.

Figure 10: Airbnb frequently available listings relative to rental market trends, Greater Sydney



Source: Authors, based on Inside Airbnb data, SQM data, and rent and sales reports.

Local council responses to STRA

In 2024, the City of Sydney commissioned a review of STRA, focusing particularly on intersections between the short- and long-term accommodation sector, rental affordability, and the supply of traditional tourist accommodation options (Mecone and Atlas Economics 2024). The review also investigated property owner motivations, including a comparison of rental revenues generated by the short- and long-term rental market. It found marginal financial benefits associated with the short-term rental market, which could be offset by tighter restrictions on the number of nights un-hosted properties could be used for STRA. It also highlighted financial benefits for resident hosts, who were able to gain additional income while retaining more flexibility than in a long-term share or lodging arrangement.

Several key differences with this commissioned review of STRA were observed in our interviews with local government staff in Waverley, the City of Sydney and the Blue Mountains. For instance, in Waverley, high demand in the long-term rental market was seen as a partial explanation for the withdrawal of short-term rental properties since the COVID-19 period, reducing concern about the effects of STRA on the housing market. By contrast, steady and rising numbers of short-term rental properties were seen as exacerbating housing market pressures in the Blue Mountains and in the City of Sydney. In contrast to the inner city, suburban local councils such as Blue Mountains expressed the loss of a sense of community and security, especially in relation to un-hosted properties. Our interviewees emphasised that access to reliable data about listings trends remains an ongoing challenge, notwithstanding the new state STRA register.

3.4 Shoalhaven and the NSW South Coast

The NSW South Coast is a traditional focus for holiday rental accommodation. For this study, we examined short-term rental trends and housing market intersections in the LGAs of Kiama, Shoalhaven and Eurobodalla.

Adjoining Wollongong and within a two-hour commute of Sydney, Kiama has long been a focus for second home ownership and domestic tourism; however, its proximity to the Greater Sydney commuter belt has seen increased population and housing demand. This may explain the steady fall in the number of whole STRA properties frequently available, from 543 in April 2021 to 428 in December 2024 (Table 19 and Figure 11).

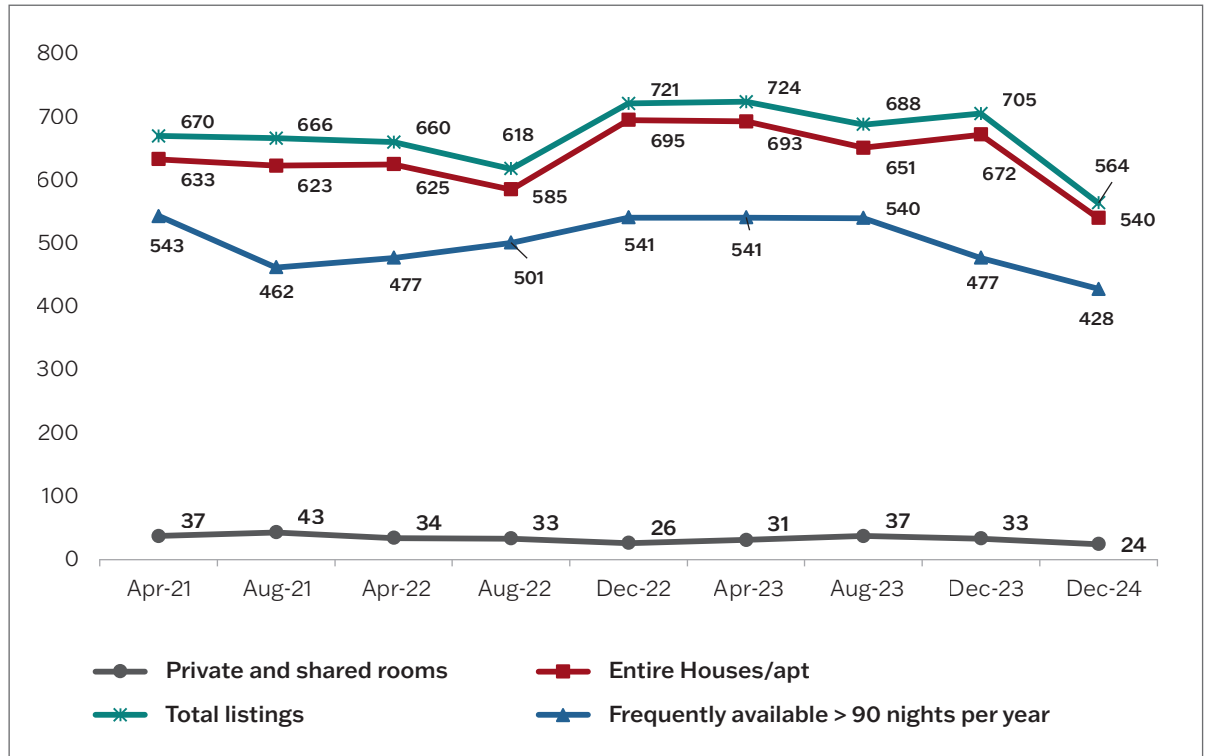
Table 19: STRA longitudinal data analysis and housing market trends, Kiama

Kiama	Apr 21	Aug 21	Apr 22	Aug 22	Dec 22	Apr 23	Aug 23	Dec 23	Dec 24
Private rooms	36	42	34	32	25	30	36	32	24
Shared rooms	1	1	1	1	1	1	1	1	0
Entire house/apt	633	623	625	585	695	693	651	672	540
Total short-term rental listings	670	666	660	618	721	724	688	705	564
Frequently available >90 nights per year	543	462	477	501	541	541	540	477	428
Frequently available whole dwellings % of total listings	81.0	69.4	72.3	81.1	75.0	74.7	78.5%	67.7%	75.9%
Median rent	\$595	\$580	\$620	\$608	\$635	\$650	\$650	\$680	\$680

Notes: Rental vacancy data were not available for this LGA.

Source: Authors, based on Inside Airbnb data, and rent and sales reports.

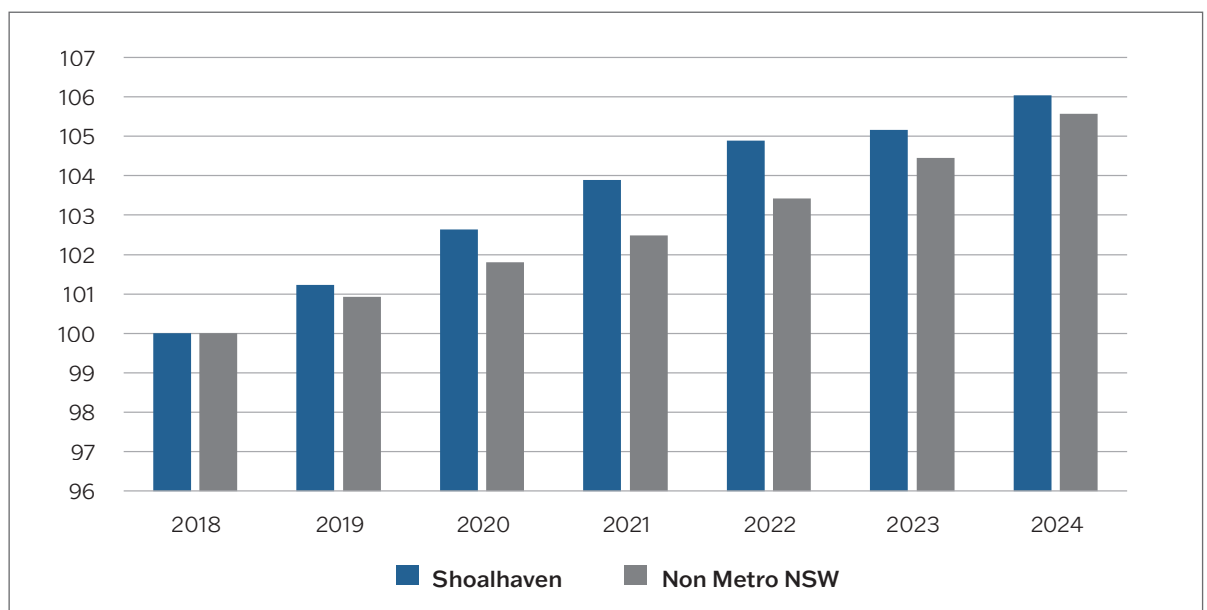
Figure 11: STRA longitudinal data analysis (April 2021 to December 2024), Kiam



Source: Authors, based on Inside Airbnb data.

Population growth has also been strong in Shoalhaven, relative to other non-metropolitan areas of New South Wales (Figure 12).

Figure 12. Population trends in Shoalhaven and non-metro New South Wales



Notes: As of 30 June; 100 = 2018.

Source: ABS (2025).

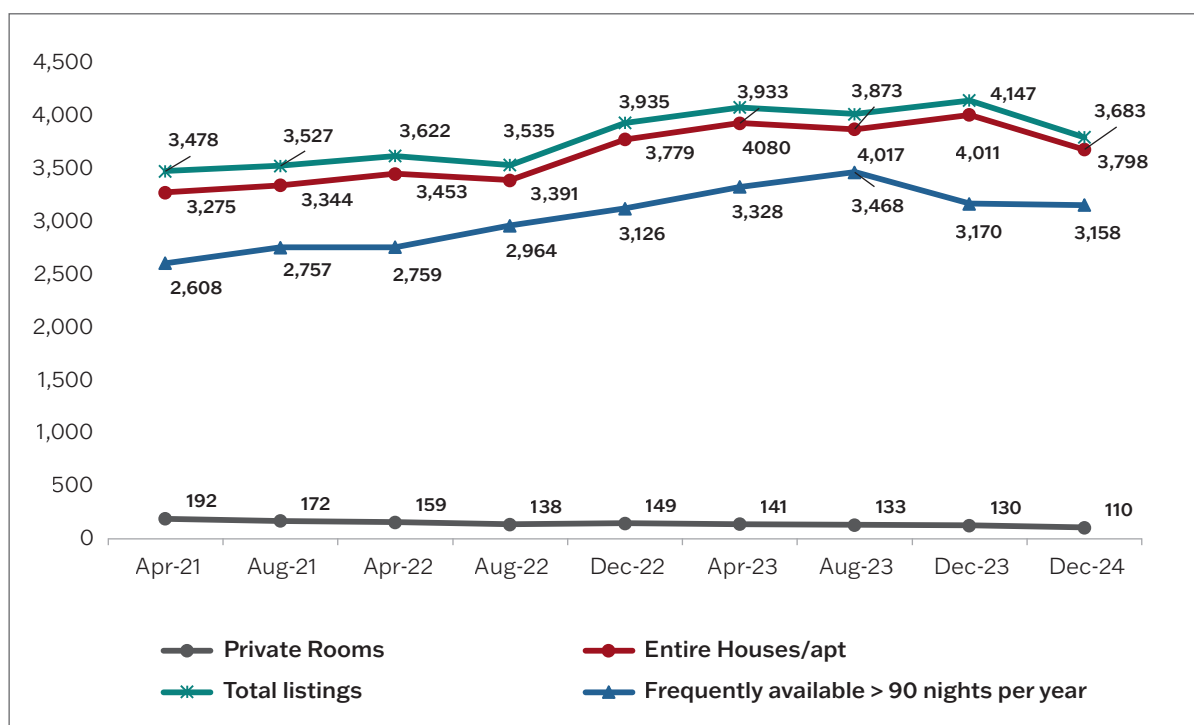
By contrast, STRA listings grew in Shoalhaven between April 2021 and December 2023 (from 3,478 to 4,147 listings), before falling back to 3,798 properties in December 2024 (Table 20 and Figure 13).

Table 20: STRA longitudinal data analysis and housing market trends, Shoalhaven

Shoalhaven	Apr 21	Aug 21	Apr 22	Aug 22	Dec 22	Apr 23	Aug 23	Dec 23	Dec 24
Private rooms	192	172	159	138	149	141	133	130	110
Shared rooms	0	0	0	0	0	0	0	0	0
Entire house/apt	3,275	3,344	3,453	3,391	3,779	3,933	3,873	4,011	3,683
Total short-term rental listings	3,478	3,527	3,622	3,535	3,935	4,080	4,017	4,147	3,798
Frequently available >90 nights per year	2,608	2,757	2,759	2,964	3,126	3,328	3,468	3,170	3,158
Frequently available whole dwellings % of total listings	75.0	78.2	76.2	83.8	79.4	81.6	86.3	76.4	83.1
Rental vacancies	129	125	192	180	188	310	222	176	124
Rental vacancy rate % (id. Housing)	1.25	1.21	1.86	1.74	1.82	3.00	2.15	1.70	1.20
Frequently available as multiple of rental vacancies	20.2	22.0	14.4	16.5	16.6	10.7	15.6	18.0	25.5
Median rent	\$440	\$450	\$470	\$490	\$490	\$500	\$498	\$500	\$540

Source: Authors, based on Inside Airbnb data, and rent and sales reports.

Figure 13: STRA longitudinal data analysis (April 2021 to December 2024), Shoalhaven



Source: Authors, based on Inside Airbnb data.

In contrast to Shoalhaven and Kiama, Eurobodalla has seen steady growth in the number of short-term rental listings over the period (Table 21), including in the number of whole properties frequently available, which rose from 544 to 937 listings between April 2021 and December 2024.

Table 21: STRA longitudinal data analysis and housing market trends, Eurobodalla

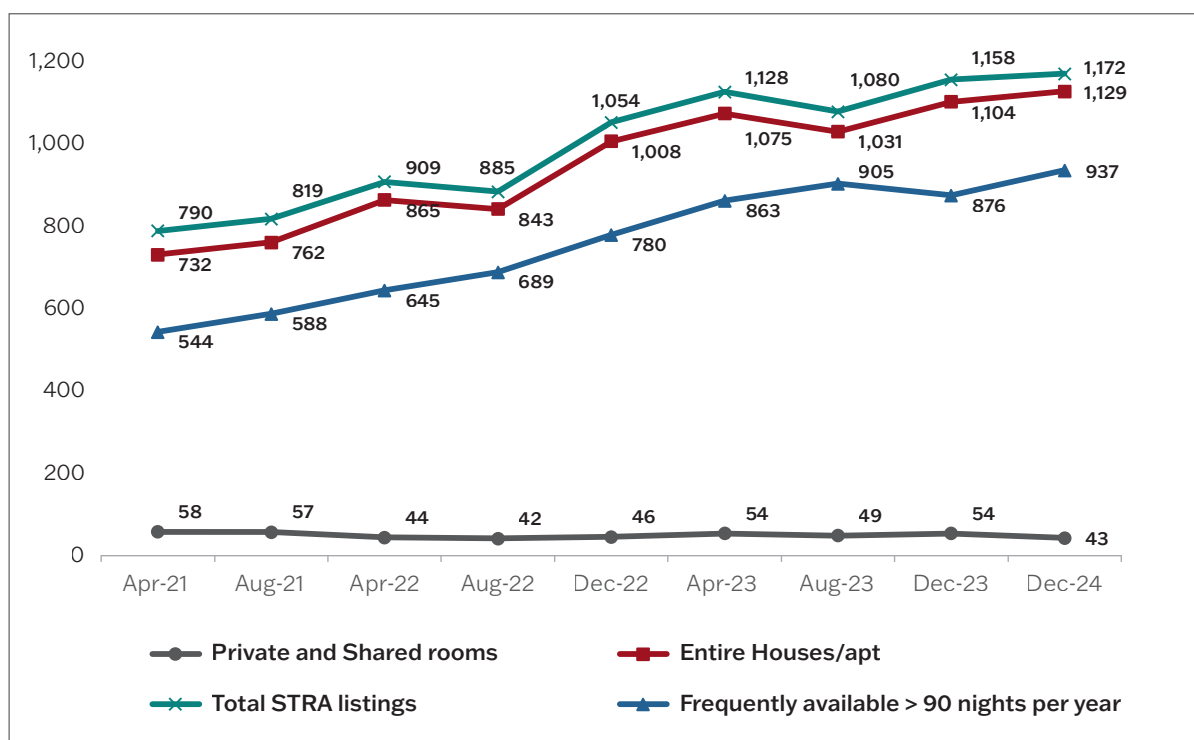
Eurobodalla	Apr 21	Aug 21	Apr 22	Aug 22	Dec 22	Apr 23	Aug 23	Dec 23	Dec 24
Private rooms	57	56	44	42	46	53	49	54	43
Shared rooms	1	1	0	0	0	1	0	0	0
Entire house/apt	732	762	865	843	1,008	1,075	1,031	1,104	1,129
Total short-term rental listings	790	819	909	885	1,054	1,128	1,080	1,158	1,172
Frequently available >90 nights per year	544	588	645	689	780	863	905	876	937
Frequently available whole dwellings % of total listings	68.9	71.8	71.0	77.9	74.0	76.5	83.8	75.6	79.9
Median rent	\$420	\$428	\$470	\$460	\$480	\$470	\$470	\$450	\$500

Notes: Rental vacancy data were not available for this LGA.

Source: Authors, based on Inside Airbnb data, and rent and sales reports.

In contrast to growth in the number of whole properties listed on the Airbnb platform, the number of hosted rooms in Eurobodalla fell from 57 to 43 over the period (Figure 14).

Figure 14: STRA longitudinal data analysis (April 2021 to December 2024), Eurobodalla

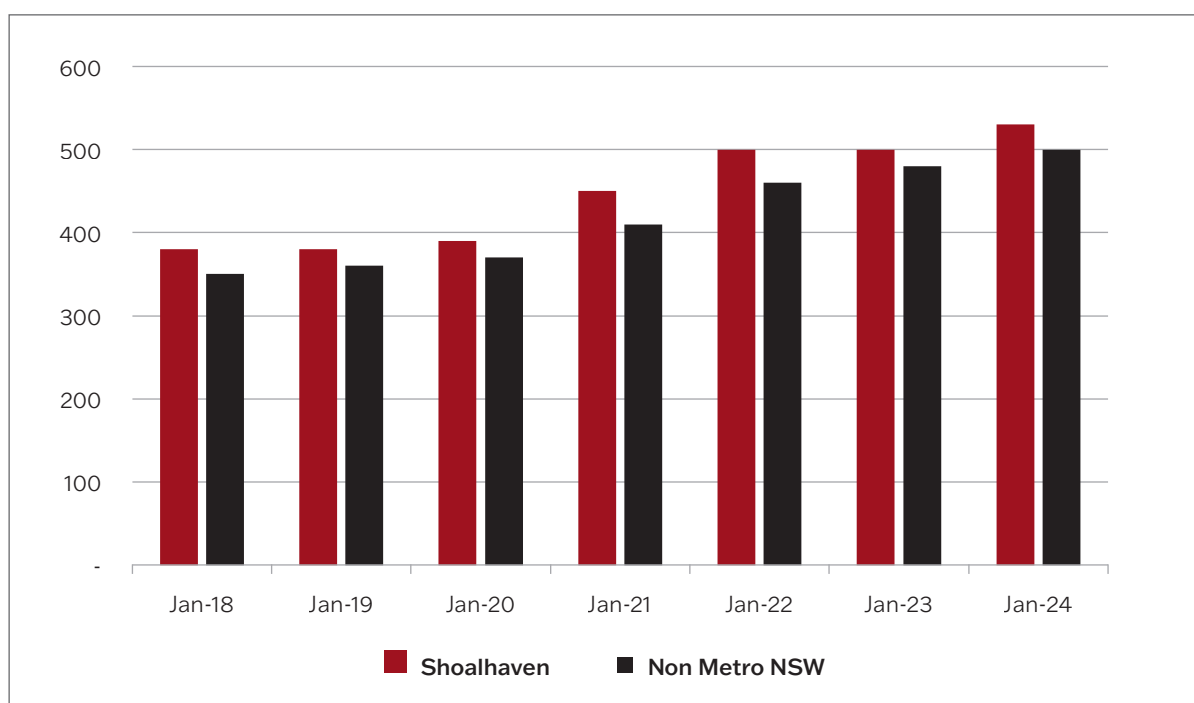


Source: Authors, based on Inside Airbnb data.

Overall, the listings distributions across the South Coast LGAs highlights the strong dominance of coastal properties, although Kiama includes listings that are scattered into regional and hinterland locations. This spatial distribution contrasts with the primary focus of employment and services in each LGA, which cluster around Kiama’s CBD and the inland centres of Nowra (Shoalhaven) and Moruya (Eurobodalla).

Figure 15 highlights the rental pressures in Shoalhaven relative to non-metropolitan New South Wales more broadly. The data show that any further increase in STRA, and/or increase in demand for long-term rental accommodation, will exacerbate rental pressure in Shoalhaven. This makes it critical to consider demand for STRA as part of broader planning for housing supply in Shoalhaven, while also ensuring that regulatory settings operate to preserve existing rental supply.

Figure 15: Rents in Shoalhaven and non-metropolitan New South Wales



Source: NSW Department of Communities and Justice (2025), September quarter data, 2018–24.

Local council responses to STRA

Prior to the state’s planning framework for STRA, Kiama and Shoalhaven established regulatory oversight through their own local planning schemes. These provisions clarified that property owners were able to offer STRA without needing development consent provided that neighbourhood amenity was not impacted by issues such as noise or traffic (Gurran, Zhang et al. 2018). This emphasis on managing amenity impacts reflected the long history of second home tourism on the South Coast, which, until recently, was not perceived as impacting on housing affordability.

In 2022, the Eurobodalla and Shoalhaven councils wrote to ratepayers, encouraging owners of vacant or STRA properties to move them to the long-term rental market, if only temporarily. This was in response to the 2019–20 bushfires that destroyed or damaged more than 500 homes in Shoalhaven, and 700 properties in Eurobodalla, and the subsequent increased population growth and domestic tourism demand over the COVID-19 period.

Of the 44,000 letters sent to ratepayers in Shoalhaven, the local council received around 40 responses. A further 35 responses were received by affordable housing providers. In the end, only four owners offered their properties for long-term lease by an affordable housing provider.

An affordable housing provider identified the main barriers inhibiting take-up of the scheme, which were communicated to the research team via a local government interviewee:

- The properties did not meet the required standards or were in unsuitable locations for tenants to access employment, shops and services.
- Owners made the decision not to proceed based on lease conditions or unreasonable expectations of rental returns.
- Properties were provided furnished, but, according to the provider's feedback to local government, long-term tenants often have their own furniture.

According to our interviewee, affordable housing providers were also reluctant to accept properties in non-preferred locations due to the significant funds and staff required to support multiple households distributed over a broad area (e.g. the additional time and travel costs associated with tenancy and property management).

In reflecting on the outcomes of this attempt to encourage STRA property owners to transition to the long-term rental sector, informants emphasised the need for a state or regionally coordinated scheme supported by adequate funding for providers to properly support high need households who may be allocated property in remote locations. Managing logistical issues around storing furniture or offering furnished STRA as crisis accommodation would also need adequate coordination and resourcing.

It is instructive that financial considerations around rental returns were only one of the barriers impeding the transition of properties from the short- to the long-term rental sector.

3.5 Tasmania and Hobart

Tasmania is a major focus of this investigation's case study research because of the better availability of data collected by the state government, including the actual addresses of STRA properties. For this reason, we use slightly different datasets to analyse STRA in Hobart in comparison to the New South Wales case studies.

The City of Hobart LGA is central to our analysis, as this is where STRA properties in Greater Hobart are concentrated (Buckle, Gurran et al. 2020). Visitors to the City of Hobart are willing to pay nightly accommodation rates that are substantially higher than the nightly rates that are feasible for local households (Fitzgerald 2024).⁷ This is due to the high number of tourist attractions and geography of the river city: many STRA dwellings have access to exceptional water views that are attractive to visitors.

The history of STRA regulation in Tasmania and Hobart

While there had been a variety of online platforms in the Australian STRA market prior to 2012, the arrival of Airbnb that year accelerated activity. Since then, the number of listings has grown quickly, more than doubling between July 2016 and February 2019 (from 2,303 to 5,218 listings) (Sigler and Panczak 2020).

Initially, STRA providers in Tasmania had to comply with the same local authority regulations as traditional accommodation operators. Operators breaching regulations faced substantial fines. During 2015–16, the state considered a range of policy options, including putting a quota on the number of nights per year that a property could be occupied by guests.

⁷ Households in Greater Hobart have median weekly household incomes that are 73 per cent of Sydney incomes and 80 per cent of Melbourne incomes.

In February 2017, the Tasmanian Government released a policy that rejected placing any significant limits on STRAs and instead opted for a permit system for dwellings that were not the primary address (the home) of the host (Phibbs and Ely 2022). Hosts were allowed to let up to four bedrooms in their own home without requiring a permit.

In July 2017, the government issued Interim Planning Directive No. 2 to enable the permit system to be implemented. This was amended and replaced by Planning Directive No. 6 (PD6) in July 2018. The latter overrides local council interim planning schemes and its wording makes it very difficult for local councils to reject applications for permits for STRA.

Under the Tasmania Planning Scheme,⁸ local councils can introduce Specific Area Plans (SAPs) to try to circumvent the terms of PD6, but this is a slow and resource-intensive process. Further, it is unclear whether councils can use this mechanism to prevent the issuing of permits for STRA for their entire municipality due to the definition of SAPs in the relevant Act. Moreover, this approach lacks flexibility in responding to housing market fluctuations. For instance, if a council wished to later allow additional STRA permits after such a restriction (e.g. if housing market conditions improved in their area), they would need to reverse the change to their planning scheme, which is also a time-consuming (and expensive) process.

3.5.1 Monitoring the short-term rental market in Tasmania

In June 2019, in response to concerns about compliance with PD6, the Tasmanian Government passed the *Short Stay Accommodation Act*. The fact sheet accompanying the draft bill stated that:

The proposed legislation is intended to serve two important purposes; to ensure everyone is 'playing by the rules' and to paint a clear picture of home sharing across Tasmania. (Tasmania Department of Justice 2018: 2)

The Act mandates a system for collecting data from each of the major STRA platforms (Part 2 of the Act), which is used to provide quarterly reports on trends in the sector. The Act also requires hosts to advertise their permit details on their listing (Part 2, section 6).⁹ Booking platforms must collect and provide the following information about premises listed on their sites:

- the address of each property listed within the residential zones
- the planning permit status as stated by the host, along with the relevant planning permit number (where applicable)¹⁰
- the number of bedrooms used for short-stay accommodation
- whether the property is the primary place of residence for the host (provided by host)
- the period during that financial quarter that the property was listed on the site (Part 2, Short Stay Accommodation Act 2019).

Minimal analysis of the data provided by the platforms has been undertaken by government authorities. For example, no comparison has been made of the data provided by the platforms with the listings on their websites. However, the larger concern is that the relationship between the STRA market and Tasmania's long-term rental market has not been examined.

⁸ The TPS first came into effect in Burnie in July 2020.

⁹ While most hosts appear to be complying, inspection of the website Inside Airbnb, which collects permit details from Airbnb, suggests that a number of listings (about 80 across the state) have no permit information, while others have provided information that does not comply with the Act.

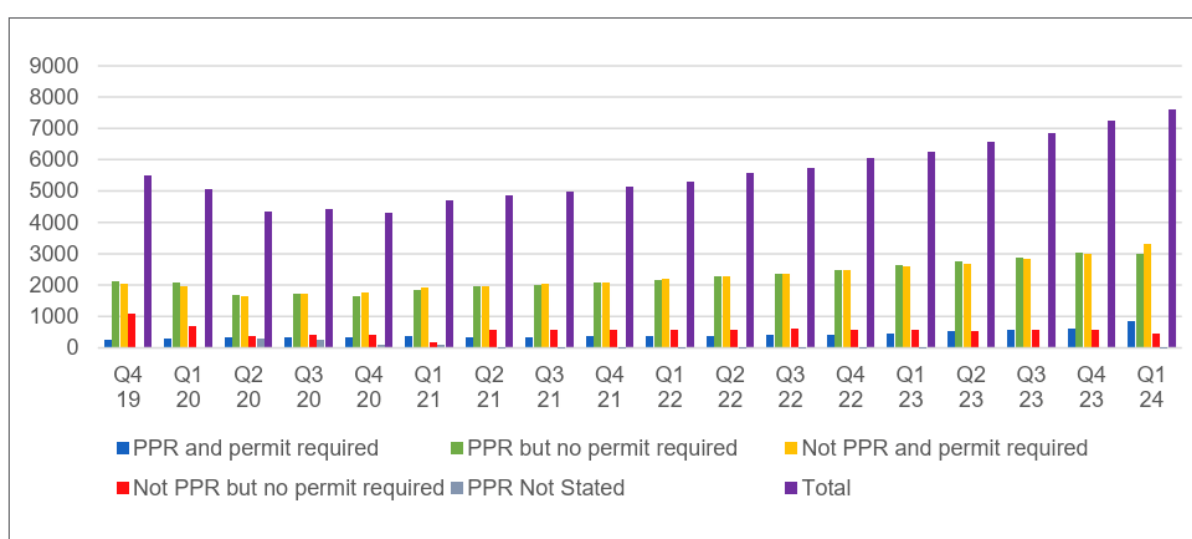
¹⁰ The accuracy of the information provided by hosts cannot be relied upon. For example, one host has used an offensive term to describe their planning permit status for at least four years.

The number of short-term rentals

Figure 16 shows the Tasmanian listings based on data collected between 2019 and 2024. It shows a decrease in listings in response to the COVID-19 pandemic and steady growth since the beginning of 2022. Total listing in the first quarter of 2024 were up 5.4 per cent on the previous quarter. While the trends appear similar across permit and non-permit categories, the data do not allow us to infer direct causality between permit requirements and STRA supply.

Table 22 shows similar data in tabular form for selected Tasmanian centres. A particular focus of this case study is Hobart LGA and the sharp increase in non-principal place of residence (PPR) listings over the last 12 months.

Figure 16: Trends in short-stay accommodation, Tasmania 2019–24



Notes: PPR (principal place of residence).

Source: CBOS (2024: 7).

Table 22: Trends in short-term rentals 2020–23, Hobart and Greater Launceston

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	% inc. last 12 months
Hobart City	1,023	1,030	974	1,084	1,105	1,128	1,157	1,179	1,229	1,258	1,333	1,372	1,415	1,458	1,548	16
Greater Hobart	2,000	2,037	1,937	2,146	2,195	2,239	2,314	2,378	2,986	2,560	2,728	2,837	2,963	3,082	3,278	20
Greater Laun'stn	682	687	670	733	769	783	811	851	898	934	957	994	1,078	1,135	1,210	26

Source: Compiled by authors from CBOS reports on data collections from the *Short Stay Accommodation Act, 2019*.

Platforms have reacted to this concern by suggesting that many non-PPRs are not candidates for the long-term rental market. For example, Susan Wheeldon, Airbnb country manager for Australia and New Zealand, suggested in a media release that:

Many Hosts make properties available on our platform that would otherwise be used only as holiday homes for friends and family. Under the proposed changes, many of these homes would likely just sit empty throughout the year and not be offered on the long-term rental market. (Airbnb 2022)

However, a 2023 analysis for Shelter Tasmania, using a sample of short-term rental addresses reported as part of the Consumer Building and Occupational Services (CBOS) data described above, indicated that about 60 per cent of short-term rentals in six Hobart LGA suburbs could be identified as long-term rental properties. This indicates a considerable cross over between the two sectors (Phibbs and Ely 2023: 12).

We conducted further analysis for using planning permit data from Hobart City LGA. A listing of the short-stay accommodation permits issued by Hobart Council between 2018 and June 2023 was accessed through Hobart City Council. In total 535 properties were identified.

One simple research method to provide a definite answer to the rental history of properties issued permits would be to match the addresses of the properties with rental bond data held by the government. This would provide direct evidence of the relationship between a shrinking private rental market and an expanding short-term rental market in Tasmania. However, this was not possible because of privacy issues. As an alternative, a property listing site, [propertyvalue.com.au](https://www.propertyvalue.com.au),¹¹ was used to view the rental history of properties that had been issued visitor accommodation permits since 2018.

As part of this analysis, addresses from short-term rentals were queried on the [propertyvalue.com.au](https://www.propertyvalue.com.au) site to see if they had a rental history in the long-term rental market. [Propertyvalue.com.au](https://www.propertyvalue.com.au) captures rental data from properties advertised online via real estate agents. Note the [propertyvalue.com.au](https://www.propertyvalue.com.au) site does not capture the properties that have always been self-managed. Nonetheless, it provides some indication of the crossover between short- and long-term renting.

We analysed properties in four categories:

1. permits issued in 2018, 2019 and 2020
2. permits issued in 2021, 2022 and 2023
3. permits in all City of Hobart land use zones
4. permits issued in the City of Hobart LGA located in the General Residential Zone, Inner Residential Zone and Low-Density Residential Zone, excluding Battery Point.

The results of the analysis are shown in Table 23.

¹¹ The site is sponsored by CoreLogic Data.

Table 23: Long-term rental history of properties with visitor accommodation permits Hobart City Council, 2018–23

Period	Number with data	Long-term rental history	No data	% with long-term rental history
All zones				
2018–20	250	119	22	48
2021–23	232	134	31	58
Sub total	482	253	53	53
Residential zones				
2018–23	402	202	53	63

Source: Analysis by authors.

As shown, of the 482 properties, 402 were within the General Residential Zone, Inner Residential Zone and Low-Density Residential Zone (Battery Point properties were excluded). This highlights the predominance of tourist uses in residential zones. In the residential zones, 63 per cent of properties had a rental history in the long-term rental market, which was substantially more than the properties in all zones. This highlights the connection between the long- and short-term rental markets in Hobart City. It also appears that more recent permits are more likely to be for properties that were long-term rental properties.

The owners of short-term rental properties

Little is known about the owners of short-term rental properties. The Tenants' Union of Tasmania (TUT), with the cooperation of Hobart City Council, attempted to understand more about them in a recent study (TUT 2023). In October 2022, Hobart City Council provided the union a complete list of the 506 properties for whom a short-stay visitor accommodation planning permit had been approved. Utilising the Land Information System Tasmania (LIST) (Tasmanian Government n.d.-b), TUT investigated the 496 properties that had permits with identifiable addresses, focusing on the owners and whether they owned other properties in Tasmania.

Distribution of permits

Almost 90 per cent of the 496 permits were issued for properties in the seven suburbs closest to the city and waterfront. Sandy Bay led with 133 permits (27%) followed by Hobart with 84 permits (17%) and West Hobart with 61 permits (12%). Battery Point and North Hobart accounted for 49 and 48 permits (10% each), respectively.

Of the 496 properties surveyed, 298 (60%) were purchased after 2016—that is, during the rapid expansion of short-stay visitor accommodation. It is plausible that many of these properties were purchased with the intention of using them as short-stay accommodation.

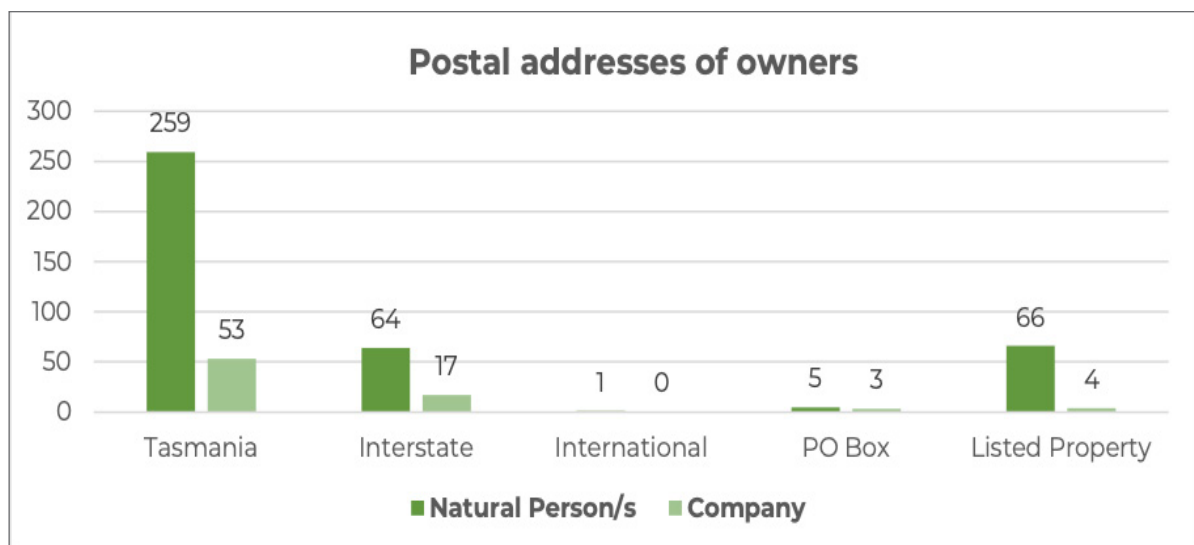
A total of 472 people or companies held permits for the 496 properties. Further analysis revealed the small-scale nature of the holdings, with 450 people or companies holding one permit, 20 holding two permits and 2 holding three permits. The vast majority of permit holders (95%) held one permit in the City of Hobart LGA.¹² Of the 472 permit holders, 77 (16%) were companies.

¹² It is noted that these permit holders might have owned other short-term rentals that did not require a permit.

Are the hosts from Tasmania, mainland Australia or foreign investors?

Based on the postal addresses of permit holders, TUT (2023) reported that the majority (83%) of people acting as short-stay hosts in Hobart were Tasmanian, with only 16 per cent coming from the Australian mainland (mostly Victoria and New South Wales) and one from overseas (see Figure 17).

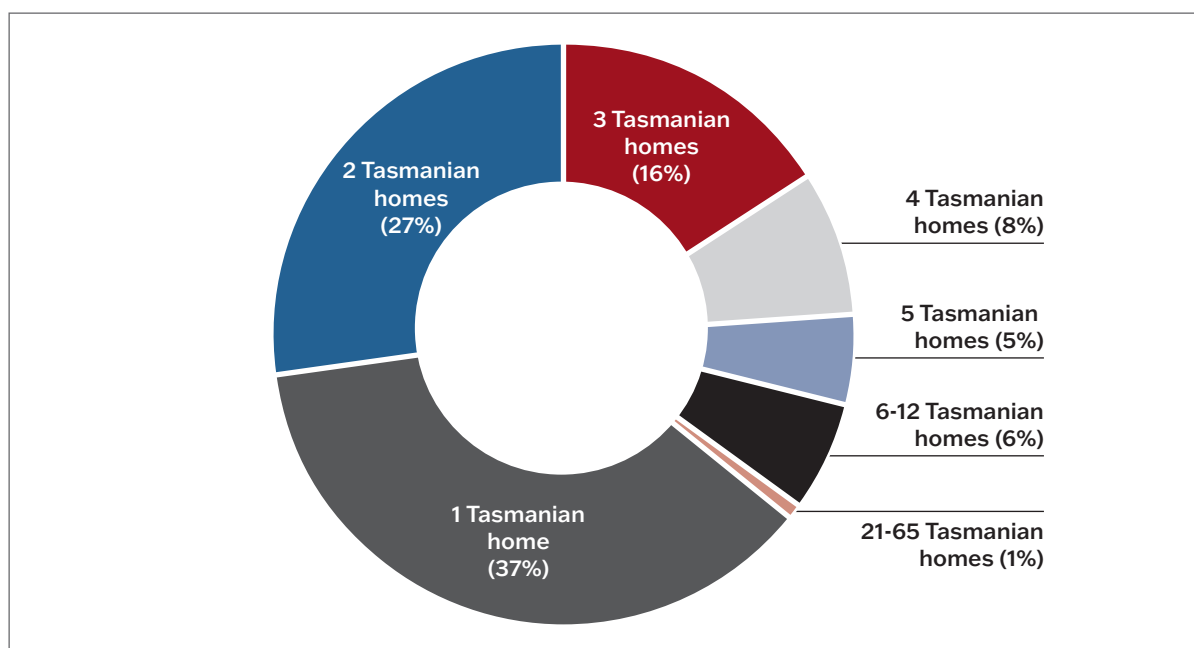
Figure 17: Location of Hobart City STRA permit holders based on postal address



Source: TUT (2023: 8).

Using the LIST database, TUT was able to determine the total number of Tasmanian properties held by the permit holders (Figure 18). The median number of homes owned by permit holder was two; however, due to the small number of permit holders who owned 21–65 properties, the average was 3.2.

Figure 18: Total number of Tasmanian homes owned by Hobart City STRA permit holders



Source: TUT (2023: 9).

3.52 City of Hobart regulatory response

The City of Hobart has made a number of attempts to reduce STRA properties in response to pressure on their long-term rental market, but with limited success (Table 24). Between the last quarter of 2020 and the last quarter of 2023, the number of non-primary residence STRA dwellings in Hobart almost doubled, rising from 350 to 629 (Table 25). In an extraordinary sequence of events, the planning minister proposed moves to limit STRA in residential zones only to find that this action was not available under the existing regulatory framework.

Table 24: Hobart City Council actions in relation to short-term rentals

December 2020	Hobart City Council (HCC) resolved that a report be prepared on the possible amendments, and their merits, to the planning regulations to more appropriately control the number of private properties being converted to whole home short-stay accommodation.
February 2021	HCC resolved that a report be prepared on possible amendments to its planning scheme, its merits and potential consequences.
August 2021	HCC resolved to insert one or more Specific Area Plans (SAPs) into the Hobart Local Provisions Schedule, prohibiting entire home short-stay accommodation use (excluding for 'secondary residences').
November 2021	HCC Mayor Anna Reynolds requested prohibitions for new entire home short-term accommodation permits within the Hobart municipality and more broadly.
December 2021	<p>Planning Minister Roger Jaensch presented HCC with two alternatives:</p> <p>[1] seek an amendment to its Interim Planning Scheme, and if supported by the Commission, a Planning Purposes Notice can be issued to 'relieve' the Scheme from the mandatory application of PD6 [Planning Directive No. 6].</p> <p>[2] seek variations to the SPPs [State Planning Provisions] through the development of its draft LPS [local planning scheme], which could place controls on [short-stay accommodation] in the broader Hobart LGA in a manner similar to those introduced for the Battery Point and Wapping areas through PD6.</p>
March 2022	HCC sought to amend its interim planning scheme in accordance with the minister's recommendation by inserting a qualification for 'Visitor Accommodation' use in substantially the same terms as the SAP. That draft amendment was identified as PSA-22-1 when the proposed amendments were forwarded to the Tasmanian Planning Commission (TPC).
17 February 2023	The TPC decided not to assess the draft amendment, deeming it inconsistent with the requirements of PD6. This was based on the TPC's 'understanding of the operation ... of planning directives ... rather than consideration of a contemporary planning policy issue in which there is considerable apparent interest'.
2024	<p>HCC applied to update its planning scheme to the new Tasmanian Planning Scheme* and to introduce a SAP to prohibit short-stay accommodation within residential zones of the city.</p> <p>The TPC advised HCC that it would be inappropriate to consider the SAP as part of the finalisation of the LPS.</p> <p>HCC must await the finalisation of the LPS before formally seeking to introduce the SAP as an amendment. This will delay the change to residential zones until at least mid-2026.</p>

Notes: * A statewide planning framework designed to standardise land use and development controls across the state.

Source: Authors.

Table 25: Trends in non-primary residence STRAs, Hobart and Greater Launceston

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	% inc. last 12 months
Hobart City	343	350	350	375	410	420	430	436	449	462	485	497	486	510	629	30
Greater Hobart	706	722	732	768	824	846	861	887	914	932	987	1,018	1,008	1,063	1296	31
Greater Laun'stn	327	356	355	384	416	423	438	461	483	507	512	525	574	609	701	37

Source: Compiled by authors from CBOS reports on data collections from the *Short Stay Accommodation Act, 2019*.

Hobart's experience highlights the risks arising from seeking to regulate STRA via planning applications that confer approval for an ongoing activity. One of the unanticipated responses to Hobart's planning system initiatives was to bring forward demand for STRA approval rather than reducing the number of permits.

The operation of PD6 was a particular problem for the City of Hobart because it limited the grounds for refusing a permit application. (The planning scheme has since been finalised, so the directive no longer applies.) Between 2018 and January 2025, the City of Hobart received 690 applications for visitor accommodation. Of these, 668 were approved and 22 were refused. Of the applications that were refused, 10 appealed to the Tasmanian Planning Tribunal and 9 were successful.

In 2023, Hobart City Council changed its rating scheme to charge higher rates for short-stay visitor accommodation (double the residential rate). By 1 January 2025, 512 properties had been classified by the Office of the Valuer General as short-stay visitor accommodation. Of these, 111 property owners were exempted, having produced evidence that they were not using the property for short-stay visitor accommodation. The remainder were charged the higher rates.

3.6 Summary and implications

This chapter has provided an overview of STRA listings trends in Australia, highlighting how these differ at regional and local levels. In line with international trends, rapid growth in the STRA sector prior to 2020 was interrupted by the global COVID-19 pandemic. Since this time, the composition of the STRA sector has changed, shifting towards more professionally operated properties that remain as second homes or holiday accommodation, rather than primary residences offered occasionally by absent hosts or as a sharing arrangement.

The New South Wales case studies show the results of national as well as local trends. The reversal of a long-term trend of population movement from regional areas to major cities during COVID-19 resulted in population increases in many parts of regional Australia, especially coastal areas. The speed of this change, and the difficulties housing markets experienced in responding quickly due to labour and materials constraints during the pandemic, saw sharp increases in house prices and rents. In particular markets, this trend also led to an increase in STRA activity, putting further pressure on long-term rental markets. In areas where it was possible to increase housing supply, such price changes were more muted; by contrast, in areas such as the Blue Mountains where it was not possible to increase housing supply, price pressures are ongoing.

Importantly, the case of Hobart illustrates attempts to monitor and regulate STRA that have fallen short in the absence of a robust legal framework for local intervention. All three case study areas highlight the need to better understand the range of STRA models and providers, as well as their financial or other motivations, in order to develop effective policy responses.

4. Understanding commercial models of STRA

- **This chapter examines financial models of short-term rental accommodation (STRA) in New South Wales and Tasmania to compare potential returns from the short- and long-term rental sectors.**
- **The financial returns and potential motivations of property owners are highly dependent on local and regional housing market characteristics, as well as the characteristics (e.g. size, location) of the STRA property itself.**
- **Differences in rental returns between short and long stays increase with dwelling size. Hence, there is more financial incentive to let two- and three-bedroom dwellings as short-stay accommodation than as long-term rentals.**
- **Housing opportunities are affected by geographic variance in dwelling composition. For example, in Hobart, a greater proportion of stock is two- and three-bedroom houses, which are more profitable as STRA. By contrast, in Sydney, a greater proportion of stock is one-bedroom units, which are less profitable as STRA.**
- **In high-cost, long-term rental markets, the incentive to rent long term is stronger, as the relative difference between short- and long-stay rents is smaller. Conversely, in low-cost rental markets, the incentive to rent in short-stay accommodation is greater.**

In this chapter we examine more closely the potential financial returns associated with short-term rental accommodation (STRA) in different market contexts. As outlined above, the international literature emphasises that financial considerations are only one factor influencing decisions to offer STRA. However, potential rental returns are likely to be highly influential for property owners considering whether to list their home in the short- or long-term rental market. Conversely, where operators are not primarily motivated by, or dependent on, financial revenue arising from STRA, other policy measures may be needed to protect or release residential accommodation to the long-term rental market. Similarly, even if maximising rental returns is not the primary driver for operators, some operators may leave the sector if the costs of financing or managing STRA shift due to wider economic trends or targeted policy intervention, releasing potential long-term housing supply.

Addressing these themes in this chapter, we begin by charting a typology of STRA models and hosts, before considering a number of different financial scenarios based on likely costs and revenue associated with short- and long-term rental properties across our case study locations.

4.1 Typology of short-term residential accommodation

The international and Australian research on STRA emphasises differences between the types of accommodation on offer as well as who manages or 'hosts' this accommodation. Although the advertising literature for platforms such as Airbnb imply 'sharing' of a primary home, in reality, as outlined above, the majority of Australia's listings are offered by non-resident providers managing more than one property on behalf of property owners. Notably, international research evidence shows that commercially managed whole properties tend to be booked more frequently and achieve higher revenue than homes that are offered by a single host (Cocola-Gant, Hof et al. 2021).

The range of STRA is summarised in Table 26 as a typology of models and hosts. We distinguish between homes that are the host's primary residence, self-contained accommodation situated on the host's residential property (e.g. a secondary dwelling), second homes that are retained for use by owners and properties used primarily as STRA. Of these, properties may be part of a residential investment portfolio, with owners neutral about whether the property is offered as short- or long-term accommodation. It is also the case that some properties are acquired or developed primarily as tourist accommodation.

We tested and confirmed this typology with interviewees from the STRA industry and our case study local governments, discussed further in Chapter 5 of this report.

Table 26: Typology of STRA models and hosts

STRA type	Housing type	Host/accommodation type
Home-share	Primary residence	Hosted (i.e. room/shared room) Host's own residence (while away)
Home-share in self-contained unit	Secondary dwelling	Self-contained unit either attached or physically separated from the main house (hosted)
Holiday home	Second home	Holiday home retained for owners' use (i.e. not primarily as rental investment) Occasional STRA when not in use by owners to cover some expenses
Investment property with irregular owner use	Second home	Potentially want to use at some stage, but not often Rented mostly as STRA
Residential tourism investment	Residential dwelling tourist destination	Property acquired to be used as STRA
Investment property	Residential dwelling	Landlord may flip between short- and long-term rental sector Dwelling is specifically for investment, with no intention of living there
Tourist accommodation	Purpose-built tourist accommodation (primarily self-catering)	Serviced apartments, cabins Host will be tourism operator

Source: Authors.

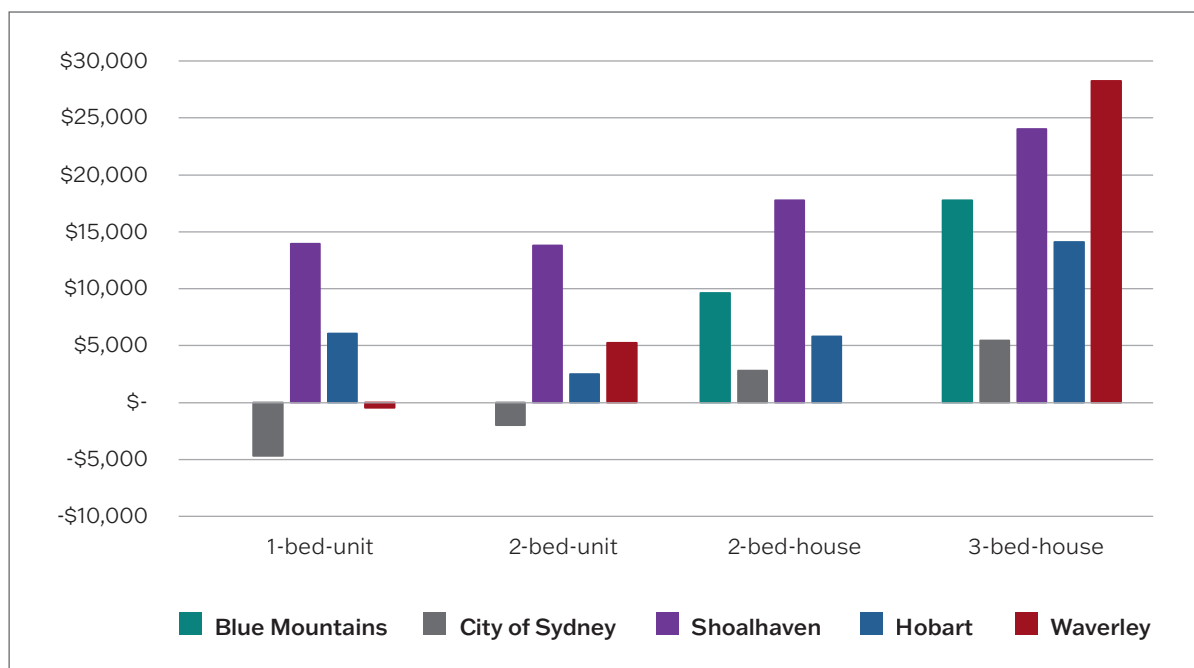
Each of these types of STRA imply different owner motivations and attract different revenue streams.

4.2 Financial models of STRA

The above typology points to a number of financial and non-financial motivations for listing a property for short-stay accommodation. In conducting this financial analysis, we are comparing returns between long- and short-term rental sectors. A key variability in the cash flow that can be generated by a short-term rental is the rate at which it is occupied or let through the year. This rate will be driven by a variety of factors, not all of which are under the control of the owner.

Figure 19 presents the relative difference in net margins between long- and short-term rent (after accounting for cost in each scenario), with negative numbers denoting greater profitability in long-term rental. Crucially, it compares returns across the five case study areas based on an assumed 180-day occupancy rate, which is the maximum permitted under NSW regulations. Notwithstanding that Hobart has different requirements, the differences are instructive. In key tourist markets (Hobart and Shoalhaven), greater returns can clearly be generated across all dwelling types through short-stay accommodation.

Figure 19: Comparison of short-term letting less long-term rental returns based on permitted occupancy

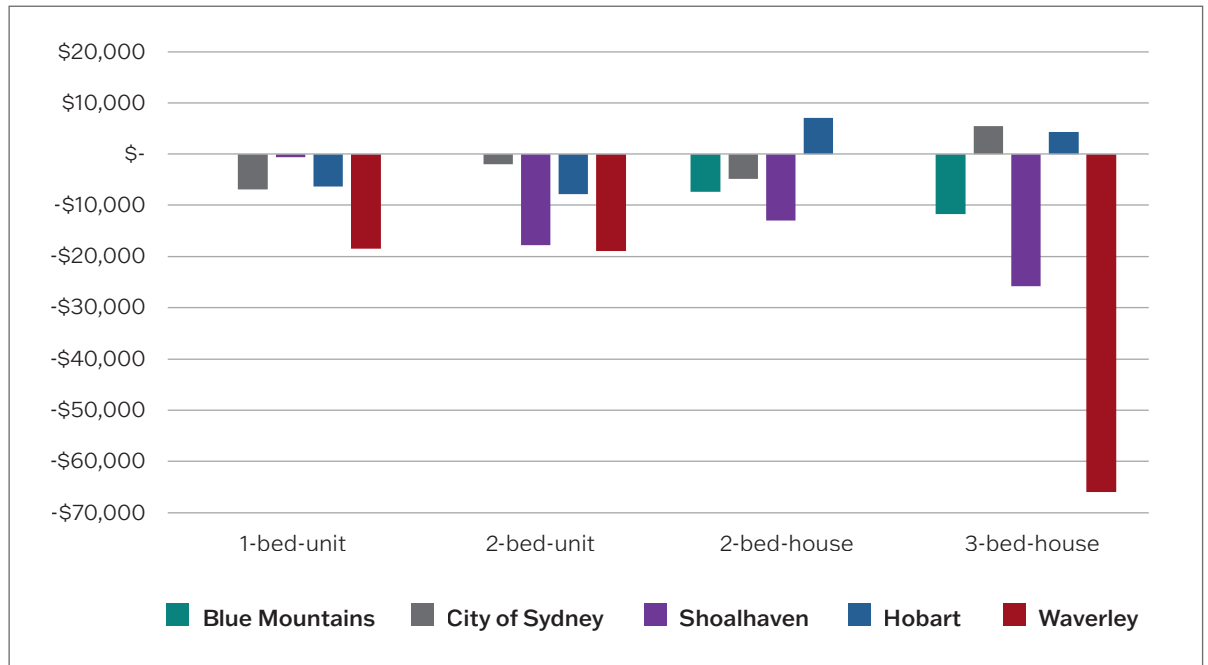


Source: Authors

By contrast, Figure 20 shows returns based on occupancy rates (median rate of actual occupancy by dwelling type and location, as estimated by Inside Airbnb.¹³ It shows that, with the exception of three-bedroom properties in the City of Sydney (which are in relatively short supply) and larger dwellings in Hobart, greater returns can be generated through the long-term rental market.

¹³ See Inside Airbnb (2026) for full methodology on occupancy model.

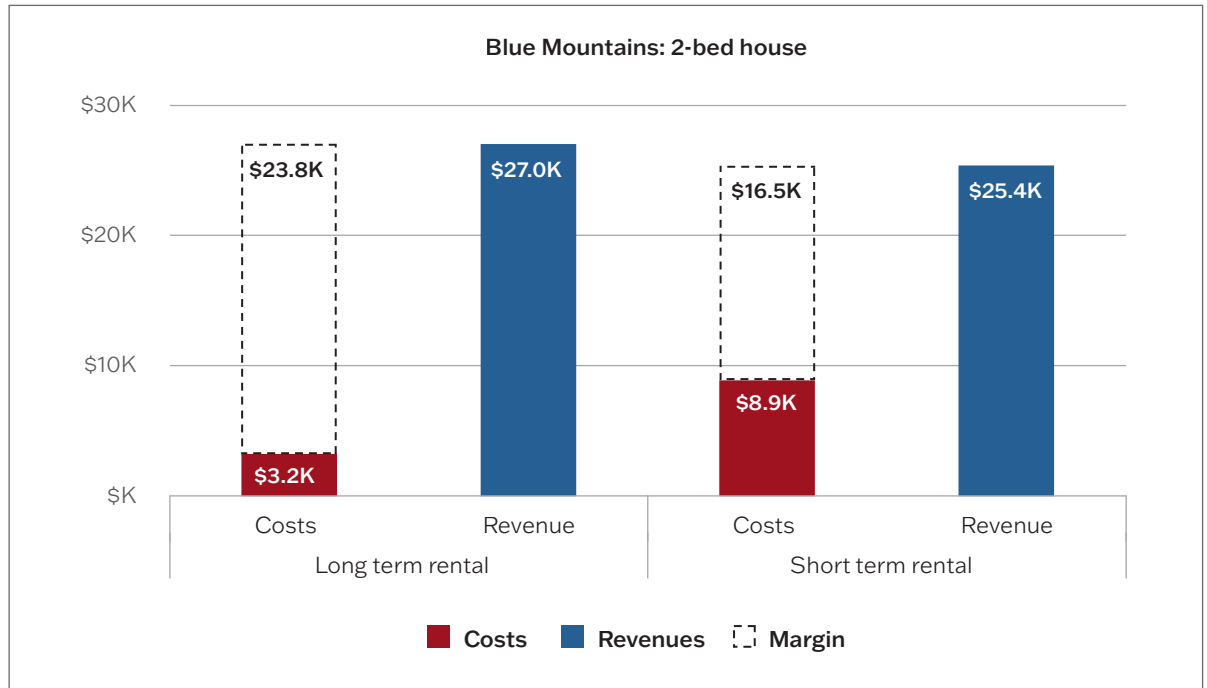
Figure 20: Comparison of revenue from short-term letting versus long-term rental returns based on achieved median occupancy



Source: Authors

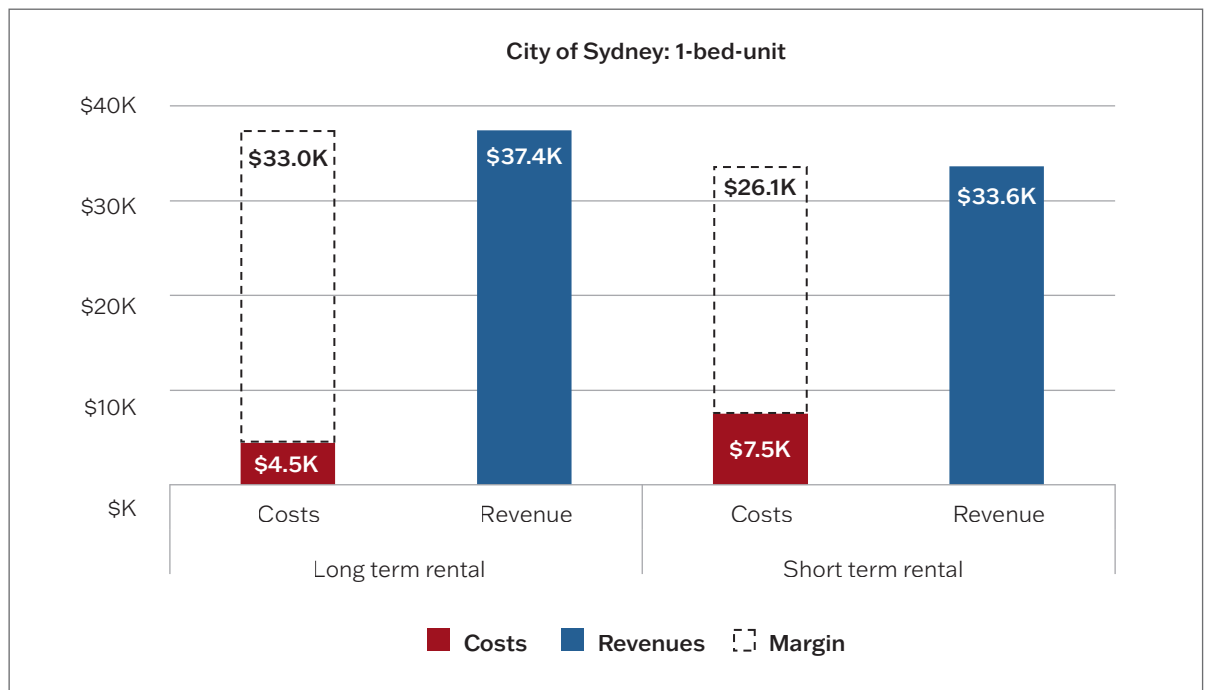
Figures 21, 22 and 23 compare operating costs, revenue and profit margins between the short- and long-term rental sector using actual median occupancy rates. Again, they highlight lower gross and net returns from STRA across the different property types tested, with the exception of three-bedroom properties in the City of Sydney. As revealed through our interviews, one key aspect of the returns that can be achieved through short-term rental is that such properties have larger operating costs due to ongoing management and cleaning, which is not required in long-term rentals.

Figure 21: Comparison of operating costs, revenue and margins between short- and long-term rental properties, Blue Mountains, two-bedroom house (actual occupancy)



Source: Authors

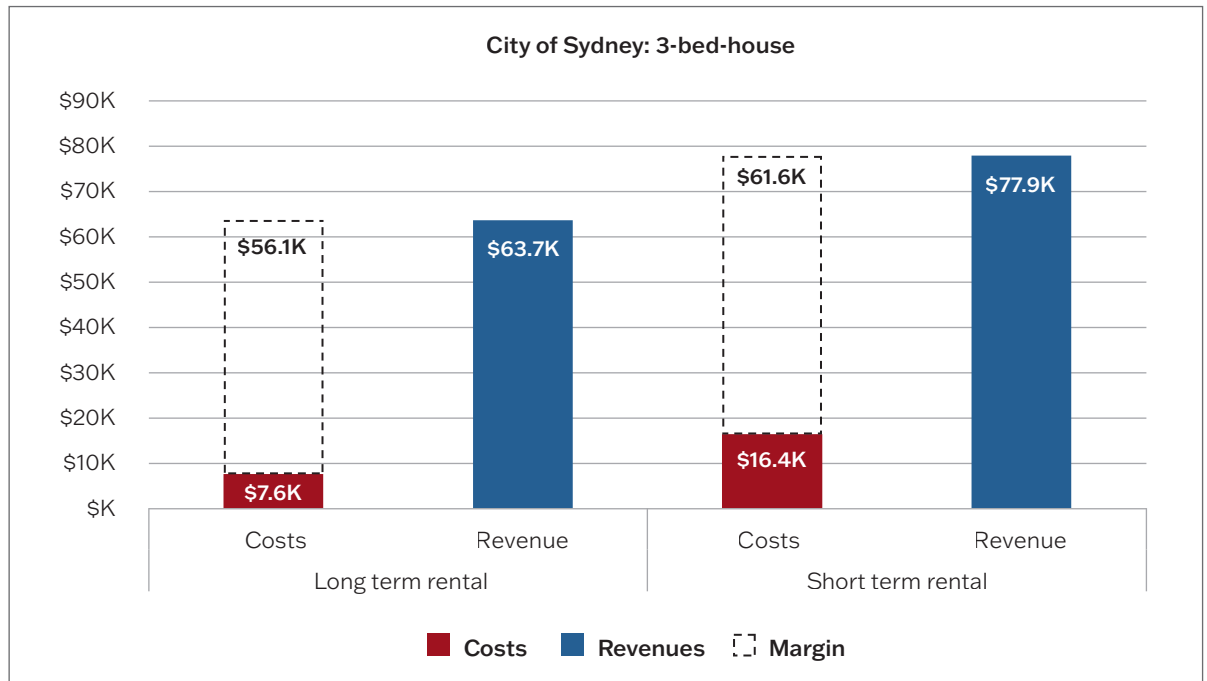
Figure 22: Comparison of operating costs, revenue and margins between short- and long-term rental properties, City of Sydney, one-bedroom unit (actual occupancy)



Source: Authors

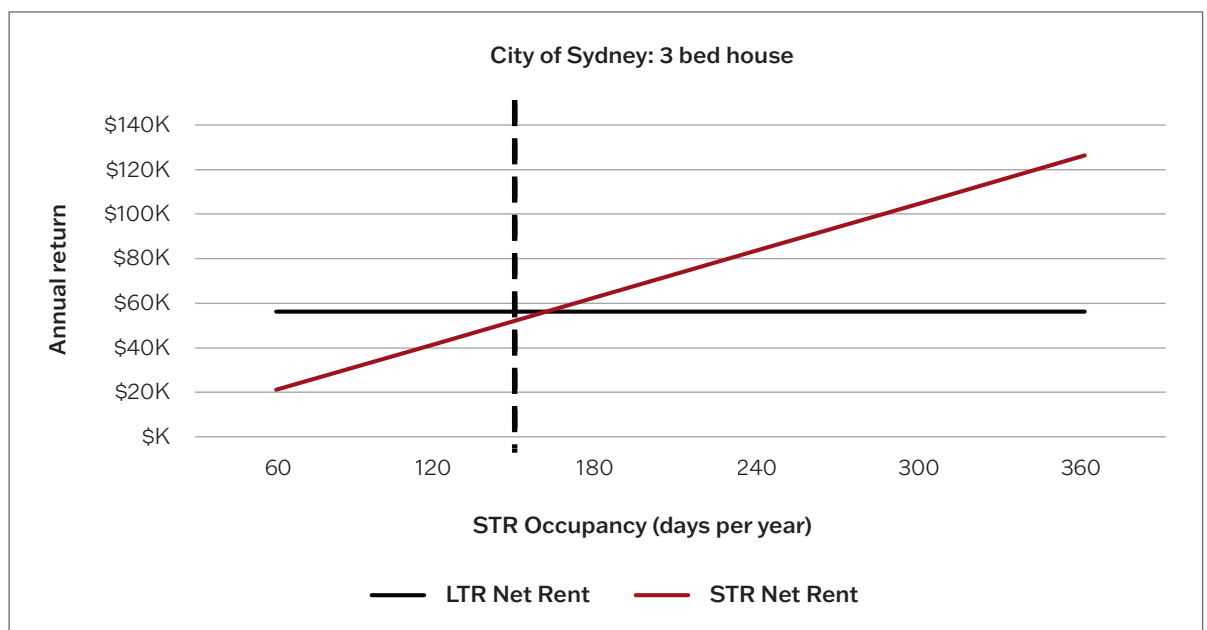
As noted above, returns are mediated by actual achieved occupancy rates. Therefore, in Figures 23 and 24, we examine the intersections between estimated actual occupancy rates and revenue from short- and long-term rental markets.

Figure 23: Comparison of operating costs, revenue and margins between short- and long-term rental properties, City of Sydney, three-bedroom house (actual occupancy)



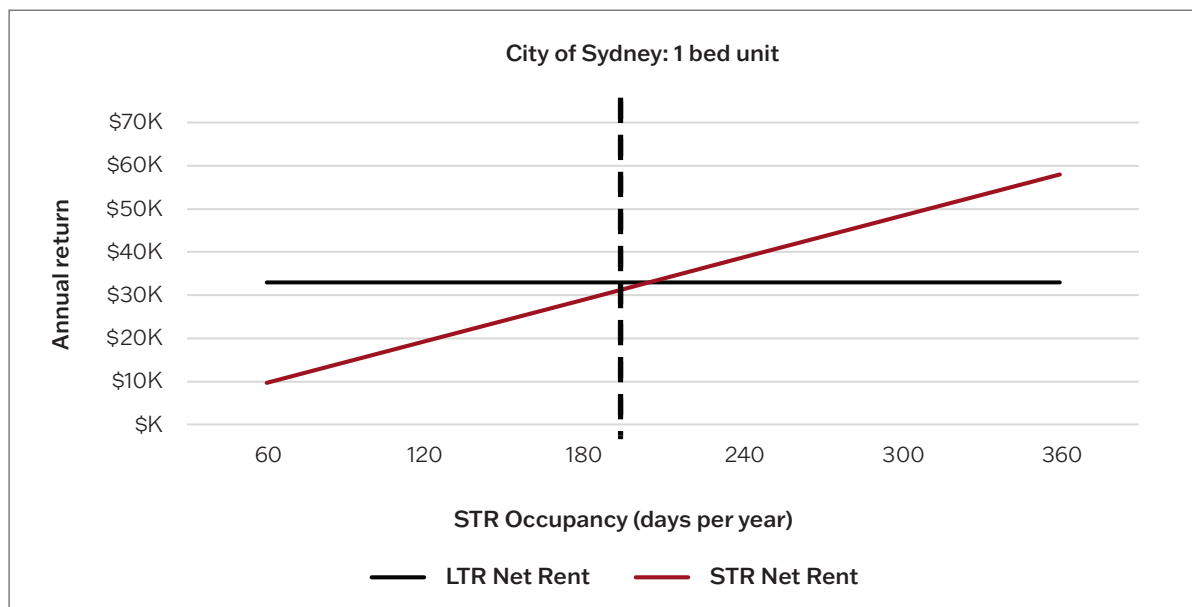
Source: Authors

Figure 24: Estimated actual occupancy rate and potential financial returns, City of Sydney (three-bedroom house)



Source: Authors

Figure 25: Estimated actual occupancy rate and potential financial returns, City of Sydney (one-bedroom unit)



Source: Authors

This analysis shows that potential financial returns from STRA in Sydney exceed long-term rental revenue when larger properties (e.g. three-bedroom houses) are booked for more than 140 days per year. One-bedroom properties must be booked for slightly more than 180 days per year to outperform long-term rental units in Sydney (Figure 25).

4.3 Summary and implications

The research literature highlights a range of host motivations and models for offering STRA. Our financial analysis indicates that while there is potential to generate larger financial returns in STRA, this is more likely with larger dwellings. However, when factoring actual occupancy, the returns tend to be lower than for long-term rentals. Locations where achieved returns are greater coincide with more extreme housing market pressure and conflict over STRA, Hobart being the clearest example. For the majority of case study sites, the lower achieved returns indicate that there are a range of non-financial motivations that drive owners to list properties as long- or short-term rentals. These motivations intersect with local and regional housing market characteristics to determine the financial calculus associated with decisions to provide short- or long-term rental accommodation, and/or to retain second homes for personal use. We consider these motivations further in the following chapter.

5. Stakeholder perspectives and policy options

- Interviews with key short-term rental accommodation (STRA) industry representatives highlight an increasingly professionalised sector.
- However, the rising professionalisation of STRA does not mean that the majority of property owners are primarily motivated by higher financial returns. Rather, individual property owners use commercial firms to manage their second homes for a variety of financial and non-financial reasons.
- Industry insiders emphasised geographical differences in property owner motivations, with metropolitan property owners seeking higher returns on investments.
- Geographical differences also define different types of demand for STRA. Industry leaders confirmed that, in some locations, short-term rental properties are used primarily by people seeking self-contained accommodation while undertaking contract work, visiting hospital patients or relocating to an area.
- Interview findings confirm that the STRA sector could play a more significant role in providing temporary housing for visiting workers or those requiring emergency accommodation.
- Policies to encourage property owners to transition back to the long-term rental sector need to be carefully designed and targeted.

This chapter draws on interviews with short-term rental accommodation (STRA) industry insiders and representatives and local government personnel from our case study regions. It provides insights into the range of STRA property owners and their differing motivations, as well as the different types of visitor accommodation markets served by the STRA sector. We also canvas interviewee perspectives on potential policy options for preserving long-term housing in high-demand localities, while enabling benefits from the flexibility of short-term rental housing stock.

5.1 Types of STRA hosts and motivating factors

In Chapter 4 we identified a typology of STRA models and hosts/property owners. This typology was broadly confirmed by our interviewees, who indicated that they served a range of property owners across their portfolios.

5.1.1 Second home users, property investors and home sharers

Many of our industry organisations with a South Coast presence indicated that their clientele was dominated by holiday home/second home owners (many of whom may be intending to retire to their second home):

There may be a handful that have split their block in whatever way and chucked a granny flat on one end of it, but it's still their holiday home that they want to use. Genuinely owning two properties as pure investment, I can only think of one actually. I would say definitely the majority are approaching retirement age, many of whom [are] possibly intending to retire into the property that they bought. (Director 1, South Coast real estate/accommodation services)

Those managing properties in major cities reported more investor-style owners:

We have a portfolio of investment homes, which are on our portfolio like 365 days of the year where the owners don't actually live in the properties. Well, the majority of our properties are Eastern Suburbs, Sydney, and those types of owners in those areas are very financially motivated. (Director, Australia-wide real estate/accommodation services)

An unexpected finding was that individual home owners are using professional property managers to offer their primary residence as holiday accommodation. These 'home sharers' seek income from their homes while not in use but wish to avoid contact with guests or are logistically unable to self-manage their properties:

We've then got a portion of the portfolio with people's own primary homes, where they might go away over Christmas and New Year and make some money off that while they're away on holiday. We have a lot of retirees actually. They decide that once they're empty nesters, they don't want to sell their asset, but they do want to go away and live abroad for three years and do all the things on their bucket list that they've never done before. (Director, Australia-wide real estate/accommodation services)

The majority of property owners served by commercial STRA firms own one property. There was a general perception that those owning multiple properties for holiday rental accommodation would manage their portfolio directly:

We've got owners that do have two or three properties with us, but we haven't got any more than that. They're mainly all individual home owners. (Director, Australia-wide real estate/accommodation services)

5.1.2 A changing STRA sector

Some interviewees described changes to the STRA sector over time. The arrival of platforms such as Airbnb encouraged property investors to turn to the residential tourism market, which, in the wake of COVID-19, has now 'matured', resulting in a shift towards professional management of properties and some investor interest in STRA decline. For example:

When we were first starting out—most owners want you while they're away on holiday, or want you if they're an investor. If an owner's just prepared to do one booking and do it themselves on Airbnb, they'll do it themselves, but when it comes to turning over three, four, five bookings, it makes it a bit harder for them to manage it themselves, especially if they're overseas. (Director, Australia-wide real estate/accommodation services)

So it's definitely slowed I guess interest in the sector. So you did have, especially after COVID ... some speculative property owners going, oh wow, there's so much short-term rental activity, maybe I could make more money on the short-term rental market. So that's definitely slowed ... since April of '23, it's been as slow as it's ever been. (CEO 2, Australia-wide property management software company)

Participants also spoke about changes in expectations of guests with the professionalisation of the industry:

Thirteen years ago it was almost like, gosh, if I can stay somewhere that's cheap, convenient and we're paying the quarter of a price than a hotel, then that's fine. I'll put up with the crumbs in the sink and in the wardrobe ... But you've got this level of usage now in the short-term accommodation space for travellers, for whatever purpose, that there's an expectation which is far greater now than it ever used to be. (CEO, Sydney real estate/accommodation services company)

5.1.3 Demand for STRA: from tourism to temporary workers

Stakeholders advised that most guests are staying in STRA for holiday purposes:

For us, 95 per cent plus is holiday. You get the odd casual worker or road worker or construction worker, but it's even less than 5 per cent in our portfolio. It's a very, very small number. (Director 2, South Coast real estate/accommodation services)

However, others advised that many guests stay for other purposes, such as short contract work or while having their home renovated/repared. This can vary based on geography, for example, visitors to Sydney or inland regions are reportedly likely to stay in STRA for short-term employment, to visit family, for education reasons or to undertake medical procedures:

Their kids are getting, I don't know, treatment or people are visiting family in treatment or recovering, and around the areas. There's a fair bit of that. A lot of people are relocating, they don't want to be in a hotel for three months while they're looking for a new house in Sydney, so relocating with families. (Director, Australia-wide real estate/accommodation services)

Participants in regional areas highlighted the role of STRA in serving sudden spikes in housing demand associated with construction or major projects:

When we had the bridge being built, we had a lot of contractors in ... They wouldn't necessarily stay in the same place, but that had an impact ... a significant drain on the availability homes. (General manager, South Coast real estate/accommodation services)

Some informants explained that employees of particular industries required short-term, self-contained residential accommodation:

We've got a really good partnership with Fox Studio. At the moment, we've probably got 10–15 per cent of our whole portfolio rented out to people that are working in film at the moment—that don't want to be in a hotel for like, I don't know, two or three months while they're here. They actually want a home. (Director, Australia-wide real estate/accommodation services)

Sydney informants described demand for STRA beyond the major tourism areas by people needing to relocate during renovation or repair of their properties:

We get a bit of renovation—people who are having to move out for renovation. We work with a couple of insurance companies as well, where people have to get displaced for bathrooms or water damage. (CEO, Sydney real estate/accommodation services company)

Even educational visitors make use of STRA, potentially explaining observed STRA listings in Sydney's middle and western suburbs, well beyond traditional tourist attractions:

There's a lot of students that come and do 16-week, mid-semester courses at our unis. They're not uni students, they're not coming to do their whole course. They're just doing a 16-week semester. (CEO, Sydney real estate/accommodation services company)

5.1.4 Financial motivations and yield

Interviewees described different financial returns arising from different types of STRA and in different markets. However, several advised that they would discourage investors seeking to maximise rental returns from focusing on the STRA sector. They described the mismatch between the high capital value of homes in desirable locations versus the potential rental yield:

If you're going to go buy—say on the Sunshine Coast you want to buy a two-bedroom apartment that's going to generate like 60 or 70 grand of rent, you just—you're in at least for like a million, 1.2 million. So the yield equation ... is simply weaker, right? (CEO 2, Australia-wide property management software company)

Other industry insiders advised that yields on holiday rental accommodation could be higher than in the long-term sector, but that management costs would also be higher, as noted in Chapter 4:

Yes, we can definitely deliver a higher return overall than a permanent rental. But it's far less hands-off than it would be if you were just on a normal rent roll being managed by a property manager. So, there's a hundred more things that can break in a holiday rental than would have done in a permanent rental. So, if you're a multi-property investor landlord and you just want to see the income and none of the problems, then definitely permanent renting is the way to be. (Director 1, South Coast real estate/accommodation services)

However, local informants in the Blue Mountains suggested that some investors could accept lower rental returns from the STRA sector if expecting high capital gains to accrue during periods of price inflation.

Interviewees advised that many owners of STRA properties may not have a mortgage left to pay. Consequently, decisions about managing STRA will be unaffected by changes in mortgage interest rates but may be affected by property taxes or other levies. For example:

The majority I would say, it's not that the mortgage doesn't exist, but they're comfortably able to pay the mortgage as well. (CEO 2, Australia-wide property management software company)

[I] think the typical property owner in our portfolio is hoping, but not necessarily expecting, to cover their costs through holiday rentals. But that's not necessarily all the interest costs, the financing costs ... if they can cover land tax, repairs and maintenance, and rates, and some of the financing costs, they're happy. (Director 2, South Coast real estate/accommodation services)

Very few of our properties make enough of a return to cover financing costs, if you were to borrow to buy the property. A lot of these properties have been owned by these families for quite some time, so they're probably debt-free and actually do pay their own way. (Director 2, South Coast real estate/accommodation services)

For other owners and potential owners, mortgage interest rates have a significant impact on whether to purchase a property with the intent of offering as STRA and whether to remain in the sector. Interviewees advised that calculations often depended on the property itself and local rental dynamics. For instance, waterfront, larger or more luxurious properties are likely to be suitable, and profitable, for STRA. By contrast, properties away from beach or high amenity areas, as well as smaller or lower quality homes, may offer higher financial returns on the long-term market. For example:

The waterfronts are not going to be permanent rental properties, but some of the properties three, four, five streets back are suitable for long-term rental. (Director 2, South Coast real estate/accommodation services)

No accountant or financial advisor will ever tell you investing in short-term rentals is a good idea, okay? So it's not—people think, it's all investors and rich people buying it up and making lots of money. It's not the case. (Board director, STRA peak body)

Other owners had entered STRA to help finance second home purchases that were no longer affordable in the context of interest rate rises. There were even reports of owner-occupiers offering their own residences as STRA because of sudden affordability difficulties:

It's to cover their mortgage because interest rates have gone up so much, they're not able to sustain their normal mortgage repayments. Owners are also moving out of their properties in order to rent it out, to be able to pay their mortgage, downsizing, but continuing to keep their asset. (Director, Australia-wide real estate/accommodation services)

Interviewees explained that, for some property owners, STRA is chosen because of a lack of demand for long-term rental accommodation in the location:

The Launceston market's different to the Sydney market ... like we've got a couple of rural properties there that wouldn't be able to get rented out long-term, and if it would, it like \$400 which wouldn't cover the mortgage. You do holiday rentals because it'll earn you a bit more, but still, you're not getting max occupancy at those types of places. (Director, Australia-wide real estate/accommodation services)

In some cases, the property itself was unlikely to be suitable for long-term rental:

A lot of our properties sleep 8, 10, 12, maybe more guests, they're large homes and the weekly rental rate that would have to be placed on that type of property to even begin to make it worthwhile for the owner, it's going to be unaffordable for [permanent] renters. (Director 2, South Coast real estate/accommodation services)

For owners intending to use or retire to their second home, there may be a reluctance to offer the property on the permanent rental market:

Overwhelmingly, the answers were because it's an investment for their future. They've got a retirement dream to move into that property. There were quite a few that had been burnt in the long-term rental market, interestingly. That surprised me. (Board director, STRA peak body)

One interviewee explained that tax incentives help offset the differential costs of financing a holiday rental property:

But if you were to buy a property today in the current market at today's prices, the most you would get as a return on that property from holiday rentals is 4 per cent gross, maybe 3 per cent net. So you can't really borrow money to buy a holiday rental property at the moment and hope to cover all of your costs from holiday renting. That's where the negative gearing incentive or allowance comes in, because a lot of these people have got taxable income that can absorb the shortfall and they get the tax deduction for that. So definitely an important motivation for them being able to do this is the negative gearing benefit. (Director 2, South Coast real estate/accommodation services)

Industry insiders reinforced local government advice that high permanent rents in inner Sydney now act as an incentive for landlords to remain in the long-term rental sector, rather than shift to STRA:

So metro, you'll definitely see the second property as an investment. But that's where we actually see more and more the marketplace dynamic kind of corrects themselves. Because we see now in parts of Sydney, that you can actually get higher return on investment for long term. So, property owners will tell their property manager, hey, let's stop doing short-term rental. (Managing director, Australia-wide property management software company)

5.1.5 Non-financial motivations

Interviewees identified a range of non-financial motivations for property owners to offer STRA rather than long-term rental. The primary reasons were:

- the desire to use properties flexibly for their own purpose, either for holidays or as a future residence: 'Owners come and want to use it themselves, or have family in the area that want to use themselves' (Director, Australia-wide real estate/accommodation services).
- emotional attachments to the property, meaning that owners wish to retain ongoing access
- the ability to ensure property maintenance via more frequent checks during visitor turnover

This was true of inner Sydney properties as well as those in rural or coastal areas:

A lot of these properties are lifestyle-driven ... where people might live in the country or live out of the country and they use it as their Sydney base when they're here. (CEO, Sydney real estate/accommodation services company)

It's their [accommodation] when they come to Sydney ... They're never going to go back into the long-term housing pool. (CEO, Sydney real estate/accommodation services company)

Residents living temporarily overseas may offer their furnished home on the STRA market as well:

You have a lot of professionals that do ... one or two years in Singapore or London or whatever ... So people have this one-, two-, three, five-year period where the property might not be getting used, and they don't know quite when they're going to come back and use it, therefore, the flexibility of the short-term rental ... is useful. (CEO 2, Australia-wide property management software company)

Industry insiders advised that owners often limit their own use of second homes to times in which the property is not booked by visitors:

Yeah, the owners tend to leave them available all the time and then just fit in their personal use around bookings. That's the general pattern. But then some owners will block out ... segments of school holidays, Easter, and also weeks of Christmas over summer to personal use. (Director 2, South Coast real estate/accommodation services)

Other insiders discussed people owning special properties that they were unlikely to ever offer to the long-term rental sector:

We've got owners where their homes have passion projects. I've got this beautiful owner down in Launceston that's restored this old historic home ... she redid everything. (Director, Australia-wide real estate/accommodation services)

There is a beautiful example in Orange of one of the property managers ... a lot of the owners that he manages on their behalf, they are from Orange. It's their pride. It's for them, it's to promote Orange and the visitation to Orange. (Managing director, Australia-wide property management software company)

Reluctance to offer properties in the long-term rental sector

Some industry insiders reported that their clients had bad previous experiences with long-term tenancies and/or wanted to avoid the perceived challenges of long-term tenancies:

The way that rent is controlled ... and you can't get rid of your tenant and all that kind of stuff, there is some elements of like lack of flexibility, I guess, there that are making long-term rentals less appealing. (CEO 2, Australia-wide property management software company)

I think one big factor, probably the dominant factor, is that the owners of these properties wouldn't want a permanent tenant in their property. There's a bit of a trust factor there because with holiday rental guests they come and go, the odd one might do a little bit of damage. Often it's just accidental, but the footprint on your property is pretty light, and it's a very, very flexible arrangement between the owner and the tenant compared to permanent rentals. (Director 2, South Coast real estate/accommodation services)

5.1.6 Reasons for leaving the short-term rental sector

Interviewees advised that the decision to cease operating short-term rental properties varied, although most were financial. Thus, although the initial decision to operate a short-term rental property may not have been primarily financial, unexpectedly high costs, such as mortgage interest rates or regulatory compliance fees, could force owners to sell:

[This] is just circumstantial evidence, but ... the ones that are selling are the ones that got on board during COVID when there was that boom. People who are opportunistic and thought, oh, that's a good game, I'll get involved, right? Well, they're the ones actually with big mortgages and they're the ones who are first to sell. (Board director, STRA peak body)

I had two owners in Kiama, for example, that just moved to the long term because they want to have a steady occupancy, steady income. They don't like that it fluctuates around the year. They prefer the ... safer side of things. (Managing director, Australia-wide property management software company)

5.1.7 Challenges with transitioning into the long-term rental sector

A number of interviewees emphasised difficulties for property owners or managers in shifting between the short- and long-term rental sector. As noted above, some short-term rental properties are undesirable in the long-term rental sector due to their location, size or other characteristics. For example:

People assume that a lot of short-term rentals are suitable for long-term rentals, and they're actually not, right? There's probably, I don't know, a small percentage, less than 5 per cent, that might be two-bedroom apartments in the City of Sydney. That could be used as long-term rentals in a heartbeat, but it's not that simple. You will find that if there is a market for these properties, then they're needed. (Board director, STRA peak body)

It's part of the social fabric of Australia. So I don't know if it's necessarily the right thing to do, in any case, to pull away a lot of housing stock from the short-term rental market because it's just such a massive industry and such a massive part of Australian way of life. But I think at the end of the day, if you really dug into it, so many of the properties are not suitable for permanent rentals. (Director 2, South Coast real estate/accommodation services)

5.2 Perspectives on STRA regulation

Interviewees offered various perspectives on different types of STRA regulation.

5.2.1 Registration

Overall, the stakeholders were supportive of registration of STRA to professionalise the industry, for oversight of 'bad actors' and for data collection purposes. For example:

That needs to be regulated, 100 per cent, so you can't have overcrowding, you can't have unsafe rentals. You can't have unfair conditions. (CEO 1, Australia-wide property management software company)

[Registration] is good on a global level ... You register, it means that you need to accept the code of conduct. (Managing director, Australia-wide property management software company)

If you make them get a ticket for being a short-term rental owner or have a certain—do a course or something like that, like RSA [Responsible Service of Alcohol] for short-term rentals, then the people who are just in it for a quick buck won't bother ... The professionalisation of the industry will go a long way to getting rid of the opportunists who inevitably do the wrong thing. (Board director, STRA peak body)

Some spoke in favour of requiring formal assessment of potential STRA properties:

So you're better off having an application process for that kind of use of property, right? So in a lot of the mature tourism markets, you have like a DA [Development Application] that's pretty well fleshed out in the council, and it's granted if you have sufficient parking, enough bins, the pool is safe, all that kind of stuff. (CEO 2, Australia-wide property management software company)

Some participants viewed registration as a way of improving data about the sector:

It's also my opinion that any regulation should include a national registration scheme ... to be able to collect data that [are] accurate. Because a lot of councils have been going—and state governments—have been pulling data from random data companies who sell it to them, and it's highly inaccurate. (Board director, STRA peak body)

5.2.2 Levies

Stakeholders expressed mixed views about levies, such as the recently introduced tax in Victoria. Many were doubtful that levies would encourage landlords to transition properties into permanent rental or be used to add to affordable housing stock:

Personally, I'm very against that Victorian model of trying to tax the industry to raise money to build social and affordable housing, because I think it's quite well-researched that the governments have fallen behind on housing investment ... I'm happy to pay tax but I just think slapping 7 per cent tax on the industry doesn't help if you can't actually build the stuff that you're trying to raise the money for. (Director 2, South Coast real estate/accommodation services)

I think when they announced that tax in Victoria, they estimated it was going to earn \$42-\$70 million a year or something. I think that was what was reported. But the land tax and stamp duty that the Victorian Government is earning will be in the billions of dollars. So this is just tiddlywink stuff, doing that tax. (Director 2, South Coast real estate/accommodation services)

Others felt that there was little impact on the sector beyond increasing guest fees and that owners themselves would not notice the impact of a levy:

[A levy] needs to be thought carefully because what they've done in Victoria with the 7.5 per cent, it's effectively a guest tax, because that rolled into the nightly rate ... it doesn't move people to the long term, so we just create more pain rather than gain in that case. (Managing director, Australia-wide property management software company)

5.2.3 Restricting bookings through day caps

Some stakeholders stated that they would prefer caps to other regulatory approaches, and would see little impact to their portfolios, but that regional towns dependent on short-term rentals for tourist accommodation would be affected:

Only the high—only pure—investors who were affected by 180-day cap would be moved possibly towards selling, and that would be such a small percentage of our portfolio ... There's a hotel capacity of maybe 100 rooms tops, so to impose caps on this area ... it would cripple the businesses that survive off tourism. That's all the cafes, all the pubs, clubs, whatever, everything relies on your tourism, you can't just—maybe something will happen. (Director 1, South Coast real estate/accommodation services)

Others wondered if caps would exacerbate rental precarity with landlords offering shorter leases between peak periods:

Initially, I believe they would probably put in an occupant, a tenant, for a six-month exercise, a six-month period, or a nine-month period. Then, give them notice on the high season—the holiday period. Because, again, they want the income. (General manager, South Coast real estate/accommodation services)

5.2.4 Broader taxation levers or incentives

Some suggested that limiting negative gearing to the permanent rental sector would have a bigger impact than other types of regulation:

But if they did really want to change the issue of people owning too many investment properties, so to say, some of which lie empty, they have to tackle the negative gearing issue ... it would definitely force some owners to have to sell because the tax benefits of negative gearing would evaporate. It would be a very big change to our industry. (Director 2, South Coast real estate/accommodation services)

5.2.5 Place-based approaches

Stakeholders were divided about the most appropriate level of government to respond to STRA. Some argued for local approaches, cautioning against 'one size fits all':

The policy you create for Greater Sydney, isn't necessarily the same policy that you should create for the South Coast and, probably, quite frankly, it's not the same policy that you create for the central west. (CEO, Sydney real estate/accommodation services company)

Others sought consistency and an overarching state framework:

We think that regulation, any regulation, while getting to what we want, but any regulation should be statewide. Not council based. Because then you get different flavour, different takes on it, and you lose the consistency and the standardisation. (Managing director, Australia-wide property management software company)

I think the code of conduct at a state level is really helpful, which just outlines the responsibilities of the property manager or the person renting the property. Then I think there should be some localisation allowed at a council level, which is really tricky and nuanced because when you get into, like, limiting—like, I think it should just be more additional requirements around how the short—like, whether it's a local permit and how many permits they issue and all that kind of stuff can be at a council level. (CEO 2, Australia-wide property management software company)

It was noted that certain operators would prefer less regulation and fewer negative impacts on local housing markets:

We've re-expanded aggressively in the last little while, Cairns and Port Douglas, Sunshine Coast, Margaret River and South West WA, and those markets are all ... more holiday home markets, and that's—there's no pushback there, right? It's like a win-win for everybody ... The local economy wants more accommodation to house more guests. The guests want a better level of service and quality in the homes. The home owners want a modern, sophisticated property management service. So it's just like everyone's—there's no friction basically in those markets. (CEO 2, Australia-wide property management software company)

One participant spoke of the benefits in limiting areas where short-term rental regulation can occur:

The Byron Bay model ... I think done well, to me that's an acceptable model if there's going to be anything ... If they do that mapping really carefully, it won't kill the tourism, the golden goose that tourism is for a lot of these areas. But they've got to do it very carefully, they've got to know which streets to put in the purple zone and which not. (Director 2, South Coast real estate/accommodation services)

In Jervis Bay where we operate, for example, our coastal properties, there are certain streets that could quite easily be designated as more suitable to long-term rental, and therefore caps could apply potentially, nightly caps. (Director 2, South Coast real estate/accommodation services)

5.3 Summary and policy implications

The interviews with key STRA industry representatives highlight an increasingly professionalised sector that is keeping up with increased expectations from guests regarding the quality of properties and services. However, this rising professionalisation does not mean that the majority of property owners are primarily motivated by higher financial returns from offering their properties in the STRA sector. The financial return from STRA can be merely supplementary income to help pay council rates, bills and mortgage repayments. Many property owners are also motivated by non-financial benefits, such as regular check-ins and maintenance on the property, the ability to have control over when and how the property is used, and the ability to use the property for personal reasons intermittently.

Industry insiders noted geographical differences in property owner motivations, with metropolitan property owners more likely to seek higher returns on their investment, and regional properties owners more likely to use their properties as second homes. There were also geographical differences in demand and uses for properties: for example, short-term rental properties located close to urban centres could be used by contract workers, by people visiting hospital patients or by people relocating, while properties located at the coast were mainly used for tourism.

These findings suggest that policies to encourage property owners to transition to the long-term rental sector must be carefully designed and targeted. Policies that target financial motivations (e.g. nightly caps) are less likely to be successful among property owners that do not have a mortgage, wish to retain the property for personal reasons or would prefer to leave the property vacant than offer it the long-term rental market. Imposed levies may simply transfer additional costs to guests, rather than disincentivise property owners from the short-term rental sector. However, changes to broader tax settings, such as ability to negatively gear investment properties, may have an impact on future short-term rental property ownership and decision-making.

Policies to discourage short-term rentals that seek to transition such properties to the long-term market should also consider location and dwelling type. Some properties, such as those that can accommodate large groups, may be prohibitively expensive and inappropriate for the long-term rental market. Some properties are ideally located for STRA (e.g. close to hospitals, education facilities, tourist zones, remote areas) but would not be attractive to long-term renters. In such cases, non-targeted regulations could remove the benefits of STRA without adding to the permanent rental stock. Registration processes that enable the capturing of accurate data on short-term rental properties and their locations could support the development of targeted policies that better allow for the nuanced interaction between the short-term and long-term rental markets.

6. Policy development options

- Internationally, a range of regulatory and financial levers are used to preserve long-term rental accommodation in areas of high demand for residential housing. These levers depend on effective collaboration between platforms, hosts and regulatory authorities, including for registration, regulatory compliance and data sharing.
- Australian jurisdictions have been slow to implement such levers, and local governments lack reliable data to monitor and enforce compliance with existing regulations.
- Recent state interventions offer opportunities to monitor impacts and gain insights into the nature of supply and demand in the short-term rental accommodation (STRA) sector, including demand for non-tourism uses.
- Similarly, regional housing strategies may need to consider rising demand for second homes, as well as strategies to maximise the potential benefits of a flexible STRA sector.
- States can support local councils and housing providers by establishing programs to support property owners wishing to transition from STRA and/or to make properties available as temporary or crisis accommodation for people in need.
- Overall, there are opportunities for all levels of government to consider how taxation settings and planning rules incentivise property investment decisions, coordinating public policy to protect long-term renters.

This concluding chapter summarises the research evidence and proposes strategies and policy levers for resolving the competing demands for residential accommodation across different metropolitan and regional settings.

6.1 Leading practice in managing STRA across different metropolitan and regional settings

International and Australian research highlights a range of potential responses to the problems associated with short-term rental accommodation (STRA). These vary according to STRA type (primary residence, shared residence or secondary un-hosted residence) and local housing market context (the nature of demand for long-term rental accommodation and the nature of the local visitor economy). Leading practice emphasises:

- the importance of clear, reliable and timely data to monitor STRA activity and housing market impacts, and to enforce existing regulations, delivered through platform reporting, user-based registration and compliance mechanisms
- the need to distinguish between different STRA models, such that STRA in primary residences is enabled provided that potential health and safety risks and neighbour impacts are managed
- the need to protect long-term rental housing supply, particularly the rights of renters, by restricting the conversion of permanent homes to STRA and/or offsetting losses
- the need to define spatial policies to recognise locations that are a key focus for tourism and that may be appropriate for unrestricted STRA
- the importance of financial levers such as taxes or levies that apply equally across visitor accommodation providers, provide a mechanism for resourcing additional burdens on local infrastructure or services arising from short-term visitors, and may operate to disincentivise STRA relative to the long-term rental sector.

Notably, resources collected through financial levies on STRA should usually be spent in the local area or region of origin.

6.2 Spatial distribution of STRA models across Australia and local housing market impacts

A national review of STRA listing trends over the period 2021–24 reveals distinct regional and local differences. Unsurprisingly, STRA is geographically clustered in key tourism locations. These include coastal destinations in regional Australia and tourism precincts in major cities. Housing market intersections with STRA are therefore highly localised.

For instance, in Hobart, the number of whole properties available for short-term rental in December 2024 was around 36 times the number of rental vacancies in the long-term rental market. Similarly, in Shoalhaven on the NSW South Coast, there were more than 25 STRA whole property listings for every rental vacancy. These figures reflect both high numbers of STRA properties relative to the housing stock and very tight rental vacancy rates (1.2% in Shoalhaven and an extraordinary 0.48% in Hobart). By contrast, in Australia overall, total STRA listings amount to around 1.6 per cent of total housing stock.

The findings of our case study research add to the wider evidence on STRA and housing market impacts. The experience of Hobart and the Blue Mountains shows how growth in the STRA sector exacerbates tight rental markets and increases pressure on local rents in areas where there is combined demand for visitor and long-term accommodation. Ironically, however, the data suggest that in markets such as central Sydney, where demand for long-term rental housing has risen consistently, supply of STRA has slowed.

Further, our case study research reveals that state registration in New South Wales and the introduction of a 180-night limit in metropolitan Sydney have neither demonstrably preserved long-term rental supply in high-demand locations such as the Blue Mountains, nor informed local council efforts to monitor or respond to STRA. Similarly, in Hobart, the lack of a robust regulatory framework for restricting the growth of STRA has seen declining long-term rental supply.

6.3 Different provider types, business models and motivations across the STRA sector

Our research identified a typology of STRA models and hosts, ranging from primary residences offered by 'home sharers' through to second home owners, investors and specialist tourism providers. We also analysed a set of financial models to compare potential returns between short- and long-term rental accommodation under different market and regulatory scenarios. Interviews with key industry insiders and STRA managers offered further insights into the financial drivers of STRA supply as well as different types of demand for STRA, including demand beyond key tourist destinations.

We found that financial returns arising from STRA are highly dependent on local and regional housing market characteristics. In some markets, such as inner Sydney, similar or greater returns are associated with the long-term rental market. In Shoalhaven and Hobart, frequently occupied STRA would attract a higher rental yield.

Overall, our findings highlight that many owners of STRA are not maximising potential returns associated with long-term rental or very high occupancy on the short-term market. Industry representatives and STRA managers emphasised that many operators were seeking to recoup costs rather than maximise returns associated with second properties.

Similarly, interviewees emphasised that some properties remain unlikely to ever be used for long-term rental accommodation due to the location or characteristics of the dwelling. For instance, properties in very remote locations are unlikely to attract long-term tenants, while properties with high heritage values, or highly luxurious accommodation, are often unsuited to the long-term rental market.

However, interview data revealed STRA to be a source of flexible accommodation in areas impacted by sudden surges in housing demand, for contract workers, people seeking health treatment, relocating, renovating property or working in particular industries.

Our findings suggest that STRA could play a more significant role in Australia's housing system as a source of temporary housing for visiting workers or those requiring emergency accommodation. To realise this potential, interviewees emphasised the need to establish well-designed and well-resourced programs to enable properties to be used in this way and/or to facilitate transitions from the short- to the long-term rental sector.

6.4 Balancing competing demands for accommodation within a wider housing policy framework

There is a need to plan strategically for STRA within the broader housing policy framework. The purpose of ongoing and longstanding second home ownership in regional and metropolitan areas may be shifting to a wider role, reflecting the context of wider mobility and changing work practices. This means that demand for second homes beyond tourist visitation needs to be factored into land use planning and demographic forecasting in key locations.

However, current data on the STRA sector as well as broader patterns of second home ownership and use are insufficient to guide such planning. This reflects the wider issues surrounding data sharing and transparency associated with platform-enabled STRA.

Even when factored into future housing requirements, the demand for STRA may still impact on the supply of long-term residential homes in high-demand locations. Therefore, developing effective tools for preserving long-term housing stock must remain a key policy priority.

Such tools should target particular STRA models and respond to particular local and regional housing market conditions. State frameworks should provide statutory authority and support for local responses, rather than impose 'one-size-fits-all' regulations that, in the past, have served to enable and legitimise STRA rather than preserve permanent rental supply. Examples include the planning guidelines, model code and financial incentives for long-term rental conversion recently introduced in Western Australia, although it will be important to monitor outcomes arising from these initiatives.

Table 27 summarises the range of potential policy responses to STRA in relation to overall objectives as well as their suitability in particular housing market contexts. As shown, these range in approach, primary objective, and target STRA model and provider type. Measures designed to preserve long-term residential housing stock (e.g. restrictions on the number of days properties may be booked and spatial zoning restrictions) target the owners of whole properties used for STRA.

It is not necessary to discourage residents from offering their own homes as STRA when not in use. Therefore, levies or taxes designed to deter STRA would target non-resident home owners of whole properties used for STRA. Similarly, financial incentives for transitioning properties to the long-term rental market would target non-resident owners.

In addition to summarising policy measures, Table 27 identifies potential implementation issues. A key risk is that poorly targeted policy will result in second home owners withdrawing properties from STRA to retain for personal use. This response would fail to achieve long-term housing supply objectives and may even have negative impacts for local visitor economies. Therefore, STRA deterrents and restrictions should be targeted to high-demand metropolitan and regional locations. Effective implementation depends on reliable and timely data and resourcing to inform monitoring and enforcement efforts.

Table 27: Policy approaches and STRA models

Approach	Objective	Target provider type	Region/ housing market	Potential implementation issues
Central (state) registration of STRA	Consumer health and safety; basis for monitoring sector; implementing and enforcing other regulations	All	Metropolitan and regional	Need to invest in compliance, monitoring and data sharing
Booking restrictions (e.g. 60 days per year)	Preserve long-term housing stock	Owners of whole properties used for STRA	Metropolitan and identified high-demand regional areas	Need to fund state or local enforcement, in cooperation with platforms Potential that existing second home owners will simply retain property for own use Need booking limits that are sufficient to outweigh financial returns from STRA
Zoning restrictions (e.g. STRA permitted/ restricted in tourism/ residential zones)	Preserve long-term housing stock and new supply Avoid conflicts between tourism and residential neighbourhoods	Owners of whole properties used for STRA	Metropolitan and tourism destinations	Local government enforcement may be difficult Potential that existing second home owners will simply retain property for own use
Levies (e.g. booking tax)	Deter investors from listing properties as STRA Even the 'playing field' with other tourism providers Raise revenue to offset STRA impacts on housing or infrastructure	May apply to all STRA models or target owners of whole properties used for STRA	Metropolitan and regional	Potential that existing second home owners will simply retain property for own use Potential that costs will be absorbed by guests
Additional local rates	Raise local revenue to offset STRA impacts on infrastructure Deter investors from listing properties as STRA Even the 'playing field' with other tourism providers	Non-resident owners of whole properties used for STRA	Local, particularly high tourism destinations	Cost of incentive, and difficulty of monitoring and enforcement Challenges and costs of transitioning properties from STRA to long-term rental
Permit system	Limit number of properties converted to STRA	Non-resident owners of whole properties permanently used for STRA	High tourism destinations	Potentially difficult to establish and enforce
Financial incentives	Encourage property owners to convert STRA to long-term rental	Non-resident owners of whole properties permanently used for STRA	Metropolitan regions	Costly; requires budget allocation and may be complex to administer
Financial disincentives (tax measures: e.g. restrict negative gearing benefit to long-term rental properties)	Encourage property owners to convert STRA to long-term rental	Non-resident owners of whole properties permanently used for STRA	All	May require regulatory/legislative change
Renter protections	Prevent property owners from evicting permanent renters for STRA	Rental landlords	Statewide	May require legislative change

Source: Authors.

Notably, some of the measures identified—such as preventing STRA providers from negatively gearing their properties and/or strengthening rental protections—would intersect with wider housing policy goals. This highlights the need to consider STRA within a wider housing policy framework.

6.5 Situating STRA in local and regional housing systems

This study has revealed that STRA intersects with local and regional housing markets in complex and varied ways. Where there is competing demand for second homes, visitor accommodation and long-term rental supply—a situation that currently describes many metropolitan and regional centres across Australia—it is critical to prioritise long-term housing needs. This means that local governments in high-demand areas must be supported in developing and implementing effective policy responses that limit the conversion of permanent accommodation to STRA, increase properties for long-term rental supply, protect long-term renters from displacement, and offset housing market and infrastructure impacts of high visitor demand.

All levels of government have a role to play, from national taxation settings and housing assistance policy, to state land use planning and renter protections, to local planning and development activities. Platforms can and must be compelled by government to cooperate by supplying the detailed and timely property-level data needed to enforce regulations and monitor impacts.

More widely, the strategic opportunity is to maximise the potential of Australia's flexible and short-term housing sector as emergency housing in response to crisis events and sudden demand shocks. This will require state governments to play a strong role in coordination and resourcing, and to collaborate with short- and long-term rental housing providers, social landlords and the emergency sector.

The rise of platforms such as Airbnb has exposed and exacerbated Australia's deepening inequality in access to housing wealth. While property owners are able to use online platforms, the STRA market and favourable taxation arrangements to finance second homes, long-term renters face ongoing barriers to first home ownership. Integrating the STRA sector within strategic planning frameworks and establishing clear roles for STRA as a source of emergency accommodation in response to crisis would provide a starting point for recalibrating a fairer housing system.

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Australian Housing and Urban Research Institute

Level 12, 460 Bourke Street


Melbourne VIC 3000

Australia


+61 3 9660 2300

information@ahuri.edu.au

ahuri.edu.au

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