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# Acknowledgment

Hornsby & Co. and Activate Consulting acknowledge the Traditional Owners of the lands on which we work and the lands on which this research project focusses. We recognise their ongoing connection to the land and waterways and that sovereignty was never ceded.

We have, to the greatest extent possible, identified and acknowledged the traditional place names, or the traditional owners of each location discussed. However, in some instances were unable to find this information.

We pay our respect to the Elders, past, present, and emerging, and to all Aboriginal peoples, their culture, and lore. We acknowledge their living culture and the unique role they play in Australia.

## With thanks

We would like to thank all the people who gave their time to be part of this project. Staff from local, State and Territory government plus staff and Directors from STR businesses and STR Associations provided important insights through the interviews.

# 1. Executive Summary

The University of Canberra is conducting research on the relationship between short-term rentals (STR) and housing affordability and availability, including the impact of regulatory interventions. The purpose of the research is to test common assumptions around homeowner decision-making that underpin the public debate in Australia about the relationship between STR and housing supply and affordability.

Hornsby & Co. is an affordable housing consultancy and Activate Consulting is a specialist engagement consultancy. Together we were engaged by University of Canberra to investigate policy and regulatory interventions currently in place, or being proposed across selected local government areas (LGAs); and conduct qualitative research (interviews) with the short-term rental (STR) sector and government within each of the selected LGAs to contribute to the broader research questions.

We selected LGAs where there was a relatively high proportion of STR properties compared with other municipalities in the State or Territory. Where possible we selected jurisdictions that had some STR regulations in place and we sought to assess a mix of metropolitan and regional areas.

We grouped the regulatory response into four broad categories:

- **Registration** is primarily an administrative response. It allows for data collection and analysis on the extent of STR in an area. In most cases it is implemented through an enforceable law which includes a code of conduct and essential safety requirements.
- **Land use planning** involves a requirement to obtain a planning permit or development approval to use a property as STR.
- **Night caps** place a limit on the number of nights a property can be used for STR. The cap on number of nights may be a mandatory requirement or it may be a trigger beyond which a land use planning approval is required.
- **Financial levers** include levies on, or differential rating of, STR properties. Financial levers can also include incentives – e.g. payments for people to move their property from STR to long-term rental (LTR).

The table below summarises the STR regulatory responses in Australia and the local government areas we sought to interview. Red means that intervention is not being used in that location, green means that regulatory response is in place.

	Registration	Land use planning	Night caps	Financial levers
<b>ACT</b>	N	N	N	N
<b>NSW</b>	Y	Y	Y	N
Byron	Y	Y	Y	N
Northern Beaches	Y	Y	Y	N
Shoalhaven	Y	N	N	N
<b>Northern Territory</b>	N	N	N	N
Darwin	N	N	N	N
<b>Queensland</b>	N	N	N	N
Brisbane	N	Y	N	Y
Gold Coast	Y	Y	N	Y
Noosa	Y	Y	N	Y
<b>South Australia</b>	N	N	N	N
Adelaide	N	N	N	Y
Barossa	N	Y	N	N
<b>Tasmania</b>	Y	Y	N	N
Hobart	Y	Y	N	Y
Launceston	Y	Y	N	N
<b>Victoria</b>	N	N	N	Y
Bass Coast	Y	N	N	Y
Melbourne	N	N	N	Y
Mornington Peninsula	Y	N	N	Y
<b>Western Australia</b>	Y	Y	Y	Y
Exmouth	Y	Y	N	Y
Fremantle	Y	Y	Y	Y
Stirling	Y	Y	Y	Y

We sought input from the local government and STR property management businesses operating in each of the LGAs, as well as two STR industry associations operating in Australia.

Potential participants were contacted via email and phone (on up to three occasions) and invited to participate in a one-hour online interview via Zoom. Fifty-four STR property management businesses were invited to participate.

The research was conducted between 19 July – 18 October 2024. In total, online interviews were conducted with:

- 2 STR Industry Associations
- 18 STR property management businesses
- 13 local councils (departmental officers, not official spokespersons)
- 2 territory governments (departmental officers, not official spokespersons)

Information and input was also received from a further:

- 1 STR property management business (via email)
- 1 local council (via a short email response from a departmental officer, not official spokespersons)
- 1 local council (via referral to their official Taskforce research report)

The interviews were recorded, transcribed, and immediately reviewed to identify emerging themes and any key points useful to inform future interviews. The complete dataset was analysed twice, first by geographic area and then by participant cohort (STR industry and government).

Within the body of this report we have noted the limitations to the data collection, the most notable one being that our research provides a snapshot in time of a rapidly evolving regulatory environment. We have also included significant detail for each LGA, setting out the findings of the interviews.

## Key insights in relation to housing

We were able to draw many insights from the interviews. These are summarised below.

- **There are distinct STR markets in operation and regulation that seeks to drive behaviours in one market may not work in another.**

The STR markets can be grouped as:

- **Coastal / holiday locations** where STR is dominated by holiday homes used by the owner, their family and friends.
  - **City and suburban locations** with a greater diversity of STR including primarily as investments.
  - **Unique locations and STR markets** including Canberra, Darwin, and to some extent the Gold Coast and Tasmania where local circumstance (e.g. parliamentary sitting days, seasonal impacts, building typology, and low average wages respectively) result in a different type of STR use.
- **There are six broad categories of STR property owners and the likelihood of them switching between STR and LTR is related to the way they participate in STR.**
    1. Owners that use the property (e.g. holiday homes) and have STR in between times.
    2. Owners that intend to use the property in the future (e.g. future retirement) and have STR for now with occasional use by the owner.
    3. Owners that have one or more STR properties for investment purposes, often managed by a third party and rarely (if ever) use them themselves.
    4. Owners that allow STR of their entire primary home (un-hosted) when they are absent or move out when they receive a booking.
    5. Owners using a property for business/income purposes (could be a separate property or separate dwelling on their property) which they self-manage.
    6. Owners that use their primary home for STR and remain on site (e.g. hosted accommodation).

Type 1 and 2 owners are similar. These owners are **emotionally invested in their properties**, the local area, and the community. They want to be good neighbours,

have flexibility to access the property and ensure high-levels of care and maintenance.

For type 3 owners, profits were a key motivator. However, it was widely reported by STR businesses and associations that factors like property maintenance, tenant management, and control over the property were equally important for many.

**Strengthened residential tenancy regulations** and past poor tenant experiences were reported to have turned many of these type 3 owners/investors towards STR, away from LTR.

It was consistently reported that type 4 property owners/occupiers were a small but growing cohort. This group is using STR to either earn supplementary income or increasingly, **to help cover rising mortgage and living costs**. Participants noted it was particularly women and retirees who relocate when their home is booked.

There was limited discussion of type 5 and 6 property owners in our interviews. However, some council officers and STR businesses noted that contrary to common perceptions, the **large majority of STR owners are 'mum and dad' type investors** who own one STR property, not commercial operators with multiple properties.

Across the six broad types of STR owners/operators identified, it was consistently reported by STR businesses and associations that **it is uncommon to see property owners switch between STR and LTR**. It is more likely for STR properties to change because an owner is moving into the property, or the property is sold to a new owner with different motivations.

➤ **The STR market has started to 'self-correct'.**

The STR market declined during COVID-19 lockdowns, but saw a 'boom' immediately afterward characterised by high demand, higher tariffs and causing a resurgence of properties to the market. Recent interest rate and cost of living increases have significantly impacted the STR and broader housing markets.

For STR this is characterised by reduced demand, lower tariffs, shorter booking windows and weakening occupancy for 'lower quality or standard' stock. This is pushing out poor quality operators, and in some markets is seeing small shifts in properties from STR to LTR (mainly apartments in metropolitan areas, but slight shifts were also noted in Noosa and Bass Coast).

➤ **In most areas, STR is seen as having a very minor to no impact on housing availability and affordability.**

Diminished housing availability and affordability was attributed to a convergence of factors including population growth, planning policies, lack of land release and

housing supply, COVID-19 impacts, vacant housing and a range of macroeconomic factors.

Many councils have explored the issue due to community pressure but found limited data to support a meaningful connection between STR and housing availability and affordability, mainly due to the very low amount of STR as a proportion of total housing stock.

However, **impacts were reported in areas with a higher proportion of STR** (Byron, Hobart, parts of Noosa and Bass Coast). In these areas the impact of STR on *availability* and *sense of community* were reported by council officers (and some STR businesses), but impacts of STR on *affordability* were considered more complex to establish, in part due to data limitations.

➤ **STR businesses are supportive of regulation for STR registration and a code of conduct.**

Across the STR businesses interviewed the large majority were supportive of regulation by way of a register and code of conduct, designed to establish safety and operational standards, protect neighbourhood amenity and monitor the industry. Council officers and STR businesses in areas with a register reported reduced amenity-related complaints (noise, waste, parking) and a 'weeding out' of poor-quality operators and 'party houses'. Some STR businesses did raise concerns about the data reporting impost, and contact person requirements. And many council officers saw opportunities to improve the accuracy and quality of data, but in-principle this form of regulation was viewed positively.

➤ **Inconsistent definitions, regulations and implementation are creating confusion and complicating compliance.**

STR businesses and some council officers reported confusion and contradictions between definitions of STR in planning schemes, other regulation, and what the community understands it to be. They noted grey areas between 'hosted' and 'un-hosted' STR, and between STR and managed serviced apartments and resort-style accommodation. The application of 'existing use rights' was another significant grey area. This, combined with data limitations, is complicating enforcement for some councils, and confusing well-intentioned STR operators trying to follow the rules, especially STR businesses operating across different areas. Poor operators are exploiting these issues to sidestep regulations.

➤ **More accurate and reliable data is needed to inform STR regulation and strengthen enforcement.**

While local and state government registers have made progress in capturing some STR data, all interviewed councils (and some STR businesses) cited significant challenges including: limited access to state register data, duplications or inaccuracies in scraped or register data, lack of locational specificity in platform-provided data and incomplete datasets (where STRs are not being captured for various reasons).

Council officers reported that complex and resource-intensive 'cleaning and matching' processes were required to support enforcement. STR businesses said that scraped data was contributing to inflated perceptions of the industry's scale, but also cited examples where excessive data reporting requirements were adding significant administrative burden and were unconvinced of the value. Council officers and many STR businesses reinforced the critical role of proactive compliance and enforcement to achieve any intended regulatory change.

➤ **STR regulations can lead to unintended negative consequences.**

Some STR regulations are having unintended impacts. In Hobart, Council's intent to prohibit new STRs through planning scheme changes led to a "massive influx" of STR planning permit applications as owners sought to secure approval 'just in case' before any rule changes.

Several STR businesses reported that the introduction of annual night caps meant that owners were only letting their properties during 'peak' periods and increasing rates to compensate – causing higher costs for tourists, less sustainable year-round tourism, and turning away lower-yield bookings for insurance clients and key temporary workers that provide services in communities.

In Byron, some owners are resorting to offering 6-month LTR over winter to offset costs so they can use and STR their property over the summer period, which is anticipated to cause major displacement.

## **Additional insights**

STR sector participants noted regulatory, media and political attention is amplifying division and tensions in communities and that regulations disproportionately target the STR sector and lack fairness compared with regulation of other accommodation types. They said that government consultation with online booking platforms only was not sufficient and felt the STR sector more broadly was not being appropriately involved in discussions around regulation.

STR participants cautioned that regulations that stunt the STR sector will negatively impact local economies, communities and 'mum and dad' operators the most. They said that the sector is creating local employment ecosystems and providing flexible

employment and income opportunities for more vulnerable groups in particular women, retirees, migrant workers and neurodiverse individuals. They also highlighted the broader uses and social benefits the sector provides were not broadly understood (such as accommodation for temporary key workers, people accessing medical/hospital treatment and emergency accommodation for insurance clients), accounting for up to 40% of STR use.

State-based regulation is reportedly having varied implications for local councils. Some said mandated state-wide regulations were impacting their ability to respond effectively and more local flexibility was needed, others were calling for state-wide regulations. Many reported significant resource implications in terms of administration, compliance and responding to raised community expectations around enforcement.

Councils are seeking better data sharing with frustration about the lack of adequate and timely data sharing from state-level STR registers. Many councils are also advocating strongly for local reinvestment of revenue generated from state-imposed STR regulations to support compliance and enforcement efforts and to deliver visible benefits to the local community. This is particularly the case for the Victorian levy. Many councils and STR businesses said that local reinvestment of income from STR-related regulation would help alleviate community tension around STR.

## 2. Background

The University of Canberra is conducting research on the relationship between short-term rentals (STR) and housing affordability and availability and the impact of regulatory interventions. Specifically, it is exploring the questions:

“Does an increase in supply of Short Term Rental (STR) directly and negatively affect the supply and affordability of Long Term Rental (LTR)?” and “What effect would existing or commonly proposed policy or regulatory interventions have?”

The purpose of the research is to test common assumptions around homeowner decision-making that underpin the public debate in Australia about the relationship between STR and housing supply and affordability.

Hornsby & Co. is an affordable housing consultancy and Activate Consulting is a specialist engagement consultancy. Together we were engaged by University of Canberra to:

- Provide advice into the broader research approach, including selection of Local Government Areas (LGAs) around Australia on which to focus;
- Investigate policy and regulatory interventions currently in place, or being proposed across the selected LGAs; and
- Conduct qualitative research (interviews) with the STR sector and government within each of the selected LGAs to contribute to the broader research questions.

This report will be one input, alongside others being undertaken by the University of Canberra, to inform its research project and findings.

### 2.1 The housing context in Australia

A growing number of people in Australia are finding it difficult to secure a home at a price they can afford. The *Rental Affordability Snapshot National Report 2024* found that it is “the worst it has ever been” (page 6) (Anglicare Australia, 2024).

There are three key issues. A person may be experiencing one, two or all these issues together.

**Affordability** – People are spending so much on housing that they can't pay for other basic needs like food, utilities, or medical expenses.

**Availability** – Even when people can afford the rent, there are not enough long-term rental properties available. This means people are competing, and vulnerable people are more likely to miss out.

**Appropriateness** – Some people have a roof over their head, but the house is not appropriate for their needs. This results in overcrowding, people living far away from their work, or people living in cold houses or houses that are missing the basic facilities they need.

In May 2024, the median rent in Australia was \$627 per week (Owen, 2024). This is a 43% increase in a 4-year period. The *Rental Affordability Snapshot National Report 2024* shows that there are significantly fewer dwellings listed for rent this year compared with previous years, and the vacancy rates are also at a record low (Anglicare Australia, 2024).

This research project focuses on affordability and availability and not appropriateness. However, it is important to understand that even if people are housed, they may not appropriately housed.

## 2.2 Definitions

One of the challenges for research, discussion, and policy setting is that there is not standard or agreed definitions. Below we set out the definitions that we have adopted for this report. They largely mirror the accepted definition across Australia, but there may be specific legislative or regulatory definitions that do not perfectly align to the definitions below.

Term	Definition
<b>Short-term Rental (STR)</b>	Accommodation that people can book for a short period. The person does not enter into a lease and the Residential Tenancy legislation does not apply.
<b>Hosted STR</b>	STR where the property owner/manager lives in the property and the STR accommodation is just part of a dwelling. There are some shared spaces e.g. kitchen and living room.

Term	Definition
<b>Un-hosted STR</b>	<p>STR that is completely self-contained (own kitchen, bathroom, living space). In theory, because these properties are self-contained they could be used for long term rental.</p> <p><b>Un-hosted STR is the focus of this report.</b></p>
<b>Long-term Rental (LTR)</b>	<p>A property where a person enters into a residential tenancy agreement to rent the property on a longer-term basis (generally more than 6 months). Residential Tenancy legislation does apply.</p>
<b>Housing affordability</b>	<p>The relationship between household income and the cost of housing. Generally, if the cost of housing is more than 30% of household income the housing is considered unaffordable.</p>
<b>Affordable Housing</b> (as compared with housing affordability)	<p>Affordable Housing is non-market housing where the rents or purchase price are set at an affordable rate, not simply determined by economic market forces. It is housing that is appropriate for the needs of very low, low, and moderate income households.</p> <p>Affordable Housing can include:</p> <ul style="list-style-type: none"> <li>• Social housing which is either: <ul style="list-style-type: none"> <li>○ Public housing – owned by State Government, or</li> <li>○ Community housing – managed by not-for profit organisations</li> </ul> </li> <li>• Affordable rental schemes e.g. National Rental Affordability Scheme (NRAS)</li> <li>• Affordable purchase schemes e.g. shared equity</li> </ul>

It is useful to note that Affordable Housing involves **eligibility requirements** (usually household income below a threshold), has an **allocation process**, and sets the rent

(or purchase price) below the market price. It is “non-market housing”. In contrast, the term housing affordability relates to the cost of housing and may be applied to market or non-market housing.

## 2.3 Regulation of short-term rentals

Australia has a long history of short-term rental, particularly in holiday towns. Before the advent of STR platform likes AirBnB, Stayz, and Booking.com, STR were often managed by local real estate agents or directly by the property owners.

Online booking platforms for STR have increased the visibility of STR and there is a feeling in many communities that the proportion of STR has also increased. The online platforms may have reduced barriers to entry for some property owners to use their property for STR but there has not been consistent data collection on the use of properties for STR, so it is difficult to determine the extent of change.

Some communities have raised concerns about the amenity impacts of STR – particularly around noise, parking, and rubbish. With worsening housing availability and affordability across Australia people have also raised concerns that STR is displacing LTR and worsening the housing situation.

In response, some local governments, and more recently State and Territory governments have sought to regulate STR. We have grouped the regulatory response into four categories:

- **Registration** is primarily an administrative response. It allows for data collection and analysis on the extent of STR in an area. For the purpose of this report, we have included licencing and registration under this same heading. It can include requirements such as a code of conduct to help minimise negative amenity impacts of STR, and safety measures like essential fire services. It can include requirements made through State legislation or a council local law.
- **Land use planning** involves a requirement to obtain a planning permit or development approval to use a property as STR. The development approval process can allow a more detailed assessment of potential off-site impacts of the proposed STR and allow for conditions to be placed on the operation of the STR. The process is more resource intensive than registration and provides greater scope for monitoring and compliance. The requirements are through the State planning legislation but is often tailored by individual councils.
- **Night caps** place a limit on the number of nights a property can be used for STR. The cap on number of nights may be a mandatory requirement or it may be a trigger beyond which a land use planning approval is required. Limiting the number of nights a property can be used for STR can help limit the off-site

amenity impact on local communities. It will also limit the STR income for property owners which could help drive decisions on whether to use the property for LTR or STR.

- **Financial levers** include levies on, or differential rating of, STR properties. The revenue from these mechanisms could be used to help fund responses to off-site amenity impacts of STR (e.g. additional rubbish collection) or to fund housing initiatives. The additional cost of this approach could help drive decisions on whether to use the property for LTR or STR. Financial levers can also include incentives – e.g. payments for people to move their property from STR to LTR.

In Australia different jurisdictions are using different combinations of these approaches. Regulation of STR is relatively new in Australia and in many circumstances, it is too soon to say whether the regulation is having the desired impact on amenity, economy, community, or housing availability or affordability.

While it is not the focus of this report, we note that in some Australian states there have also been changes to LTR standards and regulation. Changes to those requirements may also be driving property-owner behaviour and decisions about STR vs. LTR.

# 3. Methodology

## 3.1 Selection of focus LGAs

Qualitative research was undertaken in 18 Local Government Areas (LGAs). We selected LGAs where there was a relatively high proportion of STR properties compared with other municipalities in the State or Territory. Where possible we selected jurisdictions that had some STR regulations in place. We aimed to assess a mix of metropolitan and regional areas. As we progressed with the project, we supplemented the initial list with an additional jurisdiction as shown.

The LGAs investigated were:

- Australian Capital Territory – there are no individual LGAs in the Territory
- New South Wales – Byron Shire, Northern Beaches Council and City of Shoalhaven
- Northern Territory – City of Darwin (Alice Springs was removed upon further investigation due to limited STR numbers and feedback from the Council indicating no local impacts)
- Queensland – City of Brisbane, City of Gold Coast and Shire of Noosa
- South Australia – City of Adelaide and Barossa Council
- Tasmania – City of Hobart and City of Launceston (City of Launceston was added)
- Victoria – Bass Coast Shire, City of Melbourne and Mornington Peninsula Shire
- Western Australia – Shire of Exmouth, City of Fremantle and City of Stirling

## 3.2 Interviews and analysis

The research sought input from the local/territory government and STR property management businesses operating in each of the LGAs, as well as two STR industry associations operating in Australia.

Desktop research was used to identify STR property management businesses operating in each LGA, and where there was multiple, priority was given to those

based or operating exclusively in the local area (rather than larger state-wide or national businesses) to achieve the best insights about the local area.

Potential participants were contacted via email and phone (on up to three occasions as required) and invited to participate in a one-hour online interview via Zoom. In total, 54 STR property management businesses were invited to participate.

The research was conducted between 19 July – 18 October 2024. In total, online interviews were conducted with:

- 2 STR Industry Associations
- 18 STR property management businesses
- 13 local councils (departmental officers, not official spokespersons)
- 2 territory governments (departmental officers, not official spokespersons)

Information and input was also received from a further:

- 1 STR property management business (via email)
- 1 local council (via a short email response from a departmental officer, not official spokespersons)
- 1 local council (via referral to their official Taskforce research report)

Further detail about the participants is available in Appendix 7.1.

The interviews were recorded, transcribed and immediately reviewed to identify emerging themes and any key points useful to inform future interviews.

The complete dataset was analysed twice, first by geographic area and then by participant cohort (STR industry and government).

For clarity, the source dataset is noted at the start of each analysis section.

### 3.3 Limitations

When reading this report, it is important to acknowledge the following potential limitations:

#### **Property and client selection by STR property managers**

Many STR property managers interviewed exercise discretion in accepting properties to manage, often focusing on certain property types, such as premium rentals or those less frequently used by owners, to maximise business outcomes. Consequently, the findings may not fully represent the breadth of property owners or small-scale 'mum and dad' STR operators who manage properties independently.

Additionally, some STR property managers actively target specific types of STR users, such as corporate clients or insurance companies, rather than general tourists. This focus may introduce a slight bias, as the data may not fully reflect a broad spectrum of STR operations that cater to varied user demographics.

### **Limited participation from STR property management businesses**

Although efforts were made to secure multiple interviews per Local Government Area (LGA), it was challenging to obtain participation, especially from STR property management businesses. In some cases, no STR property management businesses could be found operating in that area. In many LGAs, only one STR business interview was completed, making the data a snapshot rather than a comprehensive representation of the entire STR sector within those areas. There were also a number of STR businesses that operated across two or three of the selected LGAs. However, across the 19 STR Businesses interviewed data saturation was achieved with key themes consistently recurring. For clarity, each section provides an overview of the source interviews from which the analysis was undertaken.

### **Regulatory environment as a snapshot in time**

The research was conducted during a period of regulatory change in some areas, with new STR regulations either recently implemented or still under development. Consequently, the policy context presented in this report may quickly become outdated. In addition, this timing may have limited participants' ability to fully assess the impact of these changes. It would be valuable to review the regulatory impacts in approximately 12 months.

### **Impact of government elections on policy positions and priorities**

During the data collection period, several local and state elections were held, including in the ACT, NSW (local government elections), NT, QLD, and VIC (local government elections). These elections may influence shifts in government policies and perspectives on STR regulations. As a result, some of the feedback on government views expressed in this report may be subject to change based on the outcomes of these elections. Where relevant, this has been noted within the report. It is important to note that interviews were undertaken with government officers from relevant departments, who were not speaking in official capacity on behalf of the elected government body.

### **Challenges in accessing reliable and up-to-date STR data**

Obtaining reliable, accurate, and current data on the number of STRs in Australia, and specifically within each LGA, proved challenging. Participants in this research also consistently highlighted the limitations of various data sources. Consequently, this report cites data from the most recent report by the Real Estate Institute of Australia (REIA), titled Short-Stay Accommodation September 2023, which provides insights into the STR sector as of March 2023 (REIA, September 2023). It is important to note that the STR market has likely changed since that time, so the figures cited in this report should be understood as indicative rather than definitive.

## **3.4 How to read this report**

This report presents the research findings in two separate sections:

Section 4 'Findings' presents the results of the regulatory review and a summary of the relevant qualitative data by geographic area. It provides a synopsis of the unique circumstances and experiences of each LGA to allow for nuanced understanding and comparison of different housing markets and regulatory approaches and impacts.

Section 5 'Insights' presents the key themes emerging from analysis of the qualitative dataset as a whole. It identifies locational observations and findings about the STR sector. It then discusses insights into the interplay between STR and the broader housing market, and the impacts of regulation overall and specific to the STR sector and to Local and Territory governments to enable a better understanding of different stakeholder perspectives.

## 4. Findings

There is a challenge in pulling together data on STR and associated regulations in Australia. There are different definitions of what is hosted versus un-hosted STR, there is different land use planning terminology, and there has not been a standardised or regulated way to collect data on the number of STR. We have used the REIA report from September 2023 to identify number of STR in each State, Territory, and Local Government Area as it is the most comprehensive report across Australia (REIA, September 2023).

There were significant STR regulatory responses that were being introduced at the time of researching and writing this report. Analysis and discussion of regulations is based on regulations as of **October 2024**. Where future regulatory changes were known in October 2024 we have identified them, but there may be other changes that have been come into effect since we collected the data.

The REIA Short Stay Accommodation Report (September 2023) notes that in the 2023 March quarter, a total of 133,968 short-stay accommodation (what this report terms STR) places were available in Australia, an increase of 3.7% over the quarter and 22.8% over the previous year. Of all these short-stay accommodation places, 109,726 (81.9%) were entire dwellings, an increase of 3.7% over the quarter and 26.6% over the previous year.

This section outlines the STR regulations for the State/Territory and then for the LGAs of focus. The key findings from the qualitative analysis are summarised for each LGA.

# 4.1 Australian Capital Territory

## *Ngunnawal people*

The Australian Capital Territory (ACT) includes the city of Canberra, Australia’s capital city with a population of almost 480,000 people. In the ACT there were 1,133 STR entire dwellings (un-hosted STR) in March 2023 (REIA, September 2023). The report identified Civic, Braddon, and Kingston as the top three suburbs of STR accounting for 385 short stay offerings, or just over a third of all STR in the ACT.

### 4.1.1 Policy context

There are no STR-specific regulations in place in the ACT, as summarised below.

ACT	Y/N?	Comment
Registration	No	The idea is under consideration.
Land use planning	No	
Night caps	No	
Financial levers	No	The Budget indicates a 5% STRA Levy from 1 July 2025 but there is not yet regulation in place.

While there are no current STR regulations, the 2024-25 Budget Outlook paper for ACT suggests that a Short-Term Rental Accommodation (STRA) levy will be introduced from 1 July 2025 at a rate of 5% of a property’s gross revenue (Chief Minister, Treasury and Economic Development Directorate, 2024). No further details were available at the time of this report.

Work undertaken by the Better Regulation Taskforce in 2022 concluded that short term rental accommodation (STRA) is having negligible to low impacts on housing affordability, and, in aggregate, there is no discernible relationship between growth in STRA and rental vacancy rates (ACT Government, 2022). The resulting Assembly Motion (30 March 2023) noted that there may be merit in exploring a registration scheme, provided the costs of administering the scheme are not disproportionate to the ACT’s small STRA sector. In particular, the introduction of a registration scheme would provide up to date information on the size and impact of the STRA properties on the overall rental market (Legislative Assembly for the Australian Capital Territory, 2023) and (Andrew Barr MLA Treasurer, 2023).

## 4.1.2 Qualitative summary

Source:

- 1x interview ACT government department officers (held prior to 19 October ACT election, incumbent government re-elected)
- 1x interview STR property management business, 180 properties (almost all apartments)

Participants observed that the number of STR properties has steadily increased, recovering from COVID lockdowns, and that the proportion of entire dwelling (un-hosted) properties has remained consistently high (citing latest data of 1,777 listings of which 1,493 un-hosted, AirDNA April 2024).

The STR business cited a dip in demand for STR in early 2024 and believes the market is balancing itself out. A strong increase in residential vacancy rates in Canberra was also noted (350 in March 2022 to 1,300 in July 2024, SQM Research), possibly reflecting the significant increase in housing supply over the last few years.

Due to the relatively low proportion of STR compared to total housing stock (reported as less than 1% in March 2023), neither the STR business or government officers saw any current relationship between STR and local housing affordability and availability. Further, amenity or antisocial impacts from STR were not reported as a key issue in ACT.

Canberra's market has unique circumstances compared to other capital cities including: a transient and part-time population (politicians, political staff, academics, diplomats) and being less of a typical holiday destination. The large majority of STR properties are owner occupied part-time (74% of the STR businesses properties) and very few, purely as an investment only. Though profits from STR in Canberra can be higher than Long-Term Rental (LTR), the STR business said it is less than most owners expect, and income is irregular, making other locations more attractive to pure investors.

Reflecting this, the STR business observed that of the properties it has managed over the last few years, nearly all new properties came from owner occupiers and the large majority that exited STR were owners moving back in or property sale, only a minority had moved to LTR. It suggested that regulation would only push properties to be left vacant when not in use, not moved to LTR.

All reinforced the important role the STR sector plays in Canberra, enabling better utilisation of existing housing stock (when not in use): to support tourism and flow on economic benefits; engage local suppliers and provide local employment; and offer

more suitable temporary accommodation for visiting workers, people accessing medical treatment, relocating and in emergency/crisis situations. Of particular note was its role in supplementing traditional accommodation during key major events (Summer Nats, Spilt Milk festival, Floriade etc) and peak demand periods, particularly when there are simultaneous events or activities.

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“All it takes is two events at the same time, and every bed space in the city is full... we are the pressure valve...we’ve had to clean and turn over 83 properties on the same day” – Canbnb, STR property management business

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The finer details of the proposed 5% STRA Levy from 1 July 2025 were still being developed within the government administration, however it is intended that it will be applied to whole-property STRs (un-hosted) only and collected through STR booking platforms. It was seen primarily as an income-generating measure, to feed into general revenue, and applied only to STR as it was considered relatively unregulated (as opposed to traditional accommodation). The expectation is that the levy will be passed on to tourists, and the rate is low enough not to negatively impact the sector. The government department officers reported feedback from STR booking platforms was generally supportive of the levy provided there were no other regulation alongside it.

Implementing a registration system is still under consideration, but not being pursued at this stage due to the levy which is considered a “fairer approach” than a flat registration fee as it will “proportionately raise revenue based on how much profit the property owner is going to be making off the platform”, a council officer said.

Conversely, the STR business questioned the intent of the levy, and expressed significant concern relating to:

- Implementation: how to clearly and fairly define STR compared to serviced apartments also using booking platforms; applying the levy to gross revenue which already includes taxed services (GST), which booking platforms will be included and will this just encourage people to use others (or private channels); and the administration burden on small operators.
- Broader impacts: 5% would have a significant impact on the local tourism and events sector; ACT being viewed as anti-competitive; fewer local jobs in the sector (particularly for female, vulnerable workers like cleaners); and individuals finding ‘loopholes’ to avoid the tax.

- Consultation: lack of consultation with the local STR sector, noting that consultation with platforms does not broadly represent all views.

Rather, the STR business was strongly in favour of a registration system as a straightforward, manageable solution that would improve the professionalism and accountability of the sector and provide accurate, timely data.

## 4.2 New South Wales

In New South Wales (NSW) there were 36,969 entire dwelling STR (un-hosted) in March 2023. Of these, 13,216 (35.7%) were in Sydney metropolitan area and 23,753 (64.3%) were in regional areas (REIA, September 2023).

As of 10 November 2024, there were 45,129 dwellings on the STRA Register (Department of Planning, Housing, and Infrastructure, 2024). This includes hosted and un-hosted STR.

### 4.2.1 Policy context

Below is a summary of the STR regulatory response in NSW.

NSW	Y/N?	Comment
<b>Registration</b>	Yes	For hosted and un-hosted STR. It includes a Code of Conduct and penalties for non-compliance.
<b>Land use planning</b>	Yes	A development approval is required for un-hosted STR if it exceeds the maximum number of nights.
<b>Night caps</b>	Yes	180-night cap for some municipalities and a 60-night cap for Byron Shire.  Caps only apply to un-hosted STR. Bookings of more than 21 consecutive days do not count towards the cap.
<b>Financial levers</b>	No	

In 2021, the State Environmental Planning Policy (Affordable Rental Housing) Amendment (Short-term Rental Accommodation) 2021 was passed. Prior to that, 11 councils had rules relating to STR in their local planning controls. When the new state-wide planning rules came into effect on 1 November 2021, these local council provisions no longer applied.

The legislation established:

- An online, government-run Short-term Rental Accommodation Register to capture compliance with fire safety standards and other regulations for STR (for example, night caps). The register applies to hosted and un-hosted STR.
- A mandatory Code of Conduct for all STR participants and an Exclusion Register where guests or hosts can be prohibited from operating a STR for five years if there are two significant breaches of the Code of Conduct.

- A development approval pathway where hosted and un-hosted STR is exempt from requiring a development approval provided it meets certain requirements. For un-hosted STR those requirements include a maximum number of nights in some locations (see point below).
- 180-night per annum letting cap for un-hosted STR in Greater Sydney, Ballina, Byron Shire, parts of Clarence Valley and Muswellbrook. If the letting cap is exceeded, a development approval is required from the local council. Bookings of more than 21 consecutive nights do not count towards the night cap. Note that effective from 23 September 2024 the letting cap in Byron Shire was reduced to 60-nights.
- Fire and safety requirements.

Note that in NSW the definition of hosted STR means short-term rental accommodation provided where the host resides on the premises during the provision of the accommodation. The owner needs to be living on the property but not necessarily in the home being rented, for example homeowners who live on a property with a granny flat are able to rent out the granny flat as STR 365 days of the year without requiring development approval. This definition differs from our definition of hosted and un-hosted for the purpose of this report.

In 2024 the State Government sought feedback on the planning policy and regulatory framework for STR and options to encourage the supply of long-term rental (LTR). They exhibited a discussion paper for public comment in March 2024. The Government is still considering its response (NSW Government, 2024) .

Outside of the specific STR legislation there are other statutes that may be used to limit STR. For example, owners' corporations can adopt by-laws restricting types of short-term rental accommodation within its strata scheme, but only in lots that are not the host's principal place of residence. This means if someone lives in a strata property as their principal place of residence, they will still be able to rent out their home, or certain rooms, or if they are temporarily away from home. Owners' Corporations can also pass a bylaw to limit the number of adults per bedroom to two (NSW Government, 2024).

In July 2024, the government introduced changes to (long-term) residential tenancy legislation to end no grounds evictions and increase notice periods. While the legislation does not apply to STR it may influence a property owner's decision between LTR and STR (NSW Government, 2020).

## 4.2.2 LGA: Byron

### *Arakwal Country*

Byron Shire is a regional municipality on the north coast of NSW. In March 2023 there were 2,165 STRs in the municipality (REIA, September 2023).

#### 4.2.2.1 Policy context

The table below summarises the STR regulatory responses in Byron Shire.

Byron	Y/N?	Comment
Registration	Yes	Includes a Code of Conduct and penalties for non-compliance.
Land use planning	Yes	There are two precincts where people can seek development approval to exceed the 60-night cap. In other areas you cannot apply for or obtain development approval to exceed the cap. Hosted STR does not require development approval.  In addition, Byron Shire has previously put conditions on development approvals for new dwellings that they cannot be used for STR.
Night caps	Yes	60-night cap.  Caps only apply to un-hosted STR. Bookings of more than 21 consecutive days do not count towards the cap.  Two precincts are exempt from this requirement and STR can operate for more than 60 nights if they receive development approval.
Financial levers	No	

In Byron Shire the State-wide STR regulations apply including the need to register hosted or un-hosted STR. There is a \$65 fee for the initial 12 months and then an annual renewal fee of \$25.

The State regulations set out the maximum number of nights for operation of un-hosted STR in Byron Shire. The cap is 60 nights per year for un-hosted STR however bookings of more than 21 consecutive nights do not count towards the cap. Note that in September 2024 the night cap was reduced from the initial regulation of 180 nights.

If you want to operate an un-hosted STR for more than 60 days, you can apply for a development approval only if your building is located in one of two precincts (near

Byron Bay town centre and at Brunswick Heads) where the night-cap does not apply and STR can operate 365 days a year. In all other precincts you cannot apply for development approval and cannot operate un-hosted STR for more than 60 nights in a year.

A development approval is not required for hosted STR use in an existing and lawfully constructed residential building provided there are no conditions on the existing development approval that prohibits the use of the property for STR.

Byron Council has had a position of including conditions to prohibit STR use on development approvals for new dwellings outside of the town centre. That position was reiterated at a Council meeting of 9 March 2023 with a focus on proactive compliance and enforcement.

With the new State regulations now in place, Byron Shire is allowing property owners with existing development approvals that have conditions prohibiting STR to apply to modify their existing development approval conditions to allow STR to the extent that it aligns with the State requirements e.g. does not exceed the night cap.

#### **4.2.2.2 Qualitative summary**

Source:

- 1x interview Byron Shire Council planning, economy and environmental services officers (held prior to October LG election)
- 2x interviews STR property management businesses (interviews undertaken just after 60-night cap in effect (23 Sept 2024)):
  - 1x 60 properties, standard and high-end
  - 1x 15 properties, standard

Tourism and STR in Byron have declined post-COVID. The number of STRs in Byron has dropped since its peak pre-COVID (around 3,500), currently approximately 2,500. Despite this, Council officers reinforced that STRs still make up a substantial proportion of the Shire's 16,000 total dwellings. One STR business attributes the surge in STRs 10 years ago to the accessibility provided by technology platforms. It observed a reduction in STRs in the last three years, particularly the last 18 months with some shifts back to long-term rental (LTR) partly in response to oversupply. Council officers observe a downturn in tourism post-COVID (from 2.4 million visitors per annum pre-COVID, to 1.6 million), with all participants attributing this in part to Byron's higher costs compared to overseas options. One STR business observed the increase in vacant shopfronts as tourism is no longer sustaining businesses.

STR in Byron is about lifestyle, offsetting costs and supporting the local community. Flexibility to use the property is the owners' primary driver for the vast majority properties managed by the STR businesses. They report that STR is being used to offset costs, but also to support the local economy, "They use the property themselves, and they bring their large families, and they spend money in town... they generally have really high attachment and association with the local community. They want to be regarded here, they want to contribute". The STR businesses said the complexity of the Byron market, including high property costs, yields and regulation, would deter anyone looking to use STR primarily for economic return.

Byron is experiencing an acute housing crisis. Byron has the largest homelessness rate in NSW. Property prices surged during COVID, some reported doubling of prices within a 12-month period, and long-term rents are high as owners try and cover costs of inflated purchases. All participants observed that this has displaced those on lower incomes like those in hospitality and creative industries, which has seen a significant rise in share houses. A lack of key worker housing is being felt acutely across the retail, hospitality and tourism sectors, and has been experienced by council and the STR businesses themselves. Local businesses have purchased or leased properties for their staff, and Council's own Mullumbimby affordable housing project will include an allocation for Council staff. Council officers noted that the housing shortage is driving illegal housing (garages, sheds) during peak tourism seasons when more key workers are needed.

STR is seen as having some relationship to housing affordability and availability, but the issue is more complex. Council officers believe that STR is having an impact on *availability* due to its high proportion of total housing stock, and observe an inverse relationship between STR numbers and LTR availability, and a high vacant property rate (around 16% on census night 2021). However, the feedback about *affordability* was more complex. Council officers suggested that higher STR prices may be pushing up LTR prices or encouraging owners to choose STR over LTR. Whereas STR businesses said that their STR stock was largely unsuitable (in size or price) for affordable LTR. Instead, they suggested a lack of housing supply, mismatch between local housing needs and available stock, and the combination of the COVID property surge and rising interest rates, as the issue. Council officers noted it was challenging to isolate the exact impact STR is having on affordability and availability, and that it was complex interplay of factors including population growth, land restrictions, floods and economic shifts. Council has implemented a range of actions to tackle the issue including an Affordable Housing Contribution Scheme, advocacy to State Government for utilisation of key land precincts, providing land for local affordable housing development and creating a Council-led Land Trust.

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“availability is probably an easier thing to talk about than affordability, because affordability, there's so many things that come into play” – Council officer

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Local workers and community are also supported by the local STR sector. The STR businesses highlighted the important employment, business and flow on economic benefits that STR provides, particularly as it attracts low-impact, high yield families that spend more locally. Of note was the flexible employment it provides for more vulnerable women, and the fact it enables essential service provision by providing housing for temporary hospital and medical staff, and construction workers. They believe that effects of strict STR regulation will be felt most quickly and acutely by the local community, rather than property owners.

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“it's not just the restaurants and the shops. It's the dive centres and the kayak things, and the surf schools and the breweries, and all those things, because there's only so many times that a local family can go out to eat at the same restaurant.”- STR property management business

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The driver of STR regulation has shifted from amenity impacts to housing availability. Council’s attempts to address STR impacts started in 2003 focussing on amenity issues (noise, waste etc) and shifted to housing affordability and availability issues around 2017. As early as 2011 Council incentivised the development of secondary dwellings to increase housing supply and applied STR prohibitions on the development approvals. This practice continues with STR prohibitions placed on all new development approvals, however, has a significant proactive enforcement burden.

The State Government register has positively impacted amenity, but the data is unreliable. Council officers have seen a noticeable decrease in amenity-related complaints since the register (with associated code of conduct) was introduced in 2021, and the STR businesses were supportive saying it successfully cut out the ‘rogue operators’ and professionalised the sector. However, all participants cited data limitations. Council officers said it fails to capture those who don’t list their properties on the major platforms, and contains duplications when counting nights which makes it unusable for enforcement. A STR business cautioned how the data is used,

referencing a local survey that found of the 1200+ properties registered in Byron, only around 700 were actively used for STR.

New letting caps, zones and definitions are expected to have major impacts, but there are reservations about its effectiveness. STR businesses reported minimal impact from the 180-night per annum letting cap on their property owners, but said the combination of new 60-night cap and zones is already creating issues. One described it as creating a “stalemate in the market” where people are unable to LTR or sell for the price they need (due to inflated purchase price and interest rate rises), so properties are sitting dormant or being used for STR to get what they can, but having no positive impact on housing affordability and availability while negatively impacting tourism, jobs and the local economy.

Council officers reported that some people have sought development approvals to operate beyond the 60-night cap, but this is not an option currently made available by the Minister, and cited concerns it would undermine the intent of the new regulations. As the 60-night cap applies from the property registration date, participants say the impact will be unclear for some time. Council officers cited earlier consultation by Urbis, where many property owners said they will simply leave their properties vacant when not using them, however they do expect some gradual impact (e.g. sale or switch to LTR). The STR businesses suggested that current zoning was too restrictive (benefitting those already in wealthy areas) and made a strong case for a development approval pathway, consistent with the NSW Independent Planning Commission recommendations, particularly in the hinterland.

STR is a divisive issue in the local community. The pressure of increased community expectations around STR regulation, and the local media, social media and political commentary about the issue is causing division in the local community. The STR businesses interviewed in this research sought to remain anonymous for fear of backlash, and one noted the community members had been encouraged to monitor and report others in the community.

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“The person in Byron that really advocated for us, their owners were targeted...There’s absolutely division in the community” – STR property management business

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Regulations are having, or expected to have, unintended consequences. The STR businesses are reporting the need to turn away longer, lower-tariff bookings for essential workers and insurance clients (like families needing temporary local

relocation) to maximise yield during peak times within the 60-day cap. They commented that the 21 consecutive day exemption is too long to sufficiently mitigate this. They are also already seeing some owners offer 6-month LTR over winter to offset costs so they can use and STR their property over the summer period, causing major displacement. On the whole, the STR businesses say the regulations are creating higher income for hotels and wealthy property owners who are in the best areas (through zoning and limiting STR competition), and will hit regular 'mum and dad' STR owners (looking for supplementary income with a granny flat) and local workers the hardest (through less, and more seasonal, tourism). One STR Business predicted that the regulations would be repealed in the future once these impacts were fully evident.

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“they're not going to be able to get the money that they need by renting it... You can't charge \$2,000 a week for a 3 bedroom box in Suffolk Park, so they do a 6 month lease and kick everyone out at Christmas.” - STR property management business.

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The right financial levers may attract support. There was general consensus among participants that capturing value from STR to invest in the local area could achieve positive outcomes, particularly with reducing some community tension. Council officers noted that various options (extra registration fees, a levy, differential rates) have been considered but nothing pursued at this point. One STR business expressed in-principle support for a levy/tax model (subject to how it was implemented) and saw it as an opportunity to leverage the Shire's tourism assets *and* benefit the community (a win-win). They noted that the income would need to be strategically invested to directly benefit the community (such as funding fit-for-purpose housing), but it would be counterproductive with a night cap.

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“So my theory is, if you regulate properly, you end up with properties that are managed well, that bring in the tourism to help generate the income to fund other housing programs for the local community and tourism in the local community, and then the nights don't matter because everyone has somewhere to live and everything is funded. You can't restrict nights and then ask for a tax like it doesn't make sense.” – STR property management business

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Enforcement is critical and a significant burden and challenge for Council. Council officers note increased community expectations along with the implementation of regulation, and at the same time expect that some STR owners will look for ways around the new regulations (such as creating their own platforms, or claiming to be 'hosted' to avoid the register). Proactive monitoring and enforcement has been important to achieving compliance. Byron Council was the first to issue fines under the state regulation, but officers suggested they are too low, and cite a reluctance by the Department to record formal 'strikes' against properties.

Officers said that enforcement was very challenging because of inaccuracies and duplications in data, ambiguity around definitions of 'hosted' and 'un-hosted' STR, and difficulty getting data from internationally-based booking platforms. Confusion around definitions was also evident among the STR businesses interviewed, one suggested that there had been a change in definition of 'hosted' (to exclude secondary dwellings like granny flats), but this was not evident on the NSW government website. Both STR businesses raised doubts that compliance could be managed effectively. The resourcing impost is significant and Council is advocating strongly to the State Government that the registration fee income should be returned locally to cover costs.

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"the registration fee goes to the State government, but Council get nothing, yet we are the ones who have to enforce it" – Council officer

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### **4.2.3 LGA: Northern Beaches**

#### *Guringai country*

Northern Beaches is a metropolitan municipality north of Sydney. In March 2023 there were 1,982 STRs in the municipality (REIA, September 2023).

#### **4.2.3.1 Policy context**

Regulation in the Northern Beaches reflects the State-wide STR regulations. They are summarised in the following table.

<b>Northern Beaches</b>	<b>Y/N?</b>	<b>Comment</b>
<b>Registration</b>	Yes	For hosted and un-hosted STR. It includes a Code of Conduct and penalties for non-compliance.
<b>Land use planning</b>	Yes	A development approval is required for un-hosted STR if it exceeds the 180-night cap. Hosted STR does not require development approval.
<b>Night caps</b>	Yes	180-night cap. Caps only apply to un-hosted STR. Bookings of more than 21 consecutive days do not count towards the cap.
<b>Financial levers</b>	No	

The State-wide STR regulations apply including the need to register the STR. There is a \$65 fee for the initial 12 months and then an annual renewal fee of \$25.

The 180-night per annum letting cap for un-hosted STR also applies. Bookings of more than 21 consecutive nights not counted towards the cap.

A development approval is not required for hosted STR use in an existing and lawfully constructed residential building.

There are no additional local government STR regulations.

#### **4.2.3.2 Qualitative summary**

Source: Informal phone discussion and email correspondence with officer from Northern Beaches Council planning department.

At this stage, STR has not been extensively looked into by the local Council, and it did not have data around numbers or growth of STR's in the municipality.

Earlier submissions by Council to the NSW Government's proposed state-regulatory framework (2017 and 2018) indicated a preference for individual councils to be able to establish location-specific responses to STR issues, indicated some support for night letting caps, and raised concerns about limited oversight to ensure compliance with safety standards. However, there was no current feedback on regulations (Northern Beaches Council, 2018).

Housing affordability is a focus, and in recent years Council has implemented a range of measures to influence outcomes locally through: Affordable Housing Policy, Local Housing Strategy, Affordable Housing Contributions Scheme and Affordable Housing Tenancy Guidelines.

### 4.2.4 LGA: Shoalhaven

The City of Shoalhaven is a regional municipality on the south coast of NSW. In March 2023 there were 3,634 STRs in the municipality (REIA, September 2023).

#### 4.2.4.1 Policy context

The table below provides a summary of the STR regulatory response in Shoalhaven.

Shoalhaven	Y/N?	Comment
Registration	Yes	For hosted and un-hosted STR. It includes a Code of Conduct and penalties for non-compliance.
Land use planning	No	
Night caps	No	
Financial levers	No	

The State-wide STR regulations apply including the need to register the STR. There is a \$65 fee for the initial 12 months and then an annual renewal fee of \$25.

Under the State-regulations, in Shoalhaven there is no maximum night letting cap. This also means that a development approval is not required for hosted or un-hosted STR use in an existing and lawfully constructed residential building.

There are no local-government-specific STR regulations in place.

#### 4.2.4.2 Qualitative summary

<p>Source:</p> <ul style="list-style-type: none"> <li>• 1x interview Shoalhaven Council planning and economic development department officers (held prior to October LG election)</li> <li>• 1x interview STR property management business, 170-180 properties (mainly premium, large, unique properties)</li> </ul>
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Shoalhaven has longstanding popularity as a holiday destination. It is widely discussed in the media that Shoalhaven has the largest number of STRs in NSW (around 4,000), and the largest number of vacant homes at census night (around 12,000), however the proportion of STRs to total housing stock is much lower than other areas. Council officers reinforced that Shoalhaven has always been a popular holiday and tourism destination, and the STR number has remained relatively consistent, “the thing which has changed in the last 10 or so years is how they are rented out”, referring to the technology platforms.

The interviews indicated that STR in Shoalhaven is about lifestyle and offsetting costs. The large majority of STRs in the area are used by the owners, either long-held family holiday homes or homes people have purchased to retire to later. Of the STR businesses properties, an estimated 95% fall into these categories, and council officers noted the average annual STR rental in the area is 40 nights. All participants noted that prohibiting or limiting STR would not change the use of these properties (to LTR), rather they would instead be left vacant when not in use by friends and family.

The STR sector is re-balancing after the post-COVID boom. The STR business reported volatility in the STR market due to COVID lockdowns and then rebound, then bushfires and cost of living pressures. It noted shortened booking cycles (advance bookings down 17% in September 2024 compared to 2023) and demand for higher quality properties. Council officers reported that STRs were at 80% capacity last summer, compared to 95% usually. The STR business suggested the STR market is currently rebalancing, leading to some lower quality, standard residential homes returning to the long-term rental (LTR) market.

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“only a very small number of our properties have moved to permanent rentals... but I observe, with some of the other portfolios ... that have a lot of marginal properties... quite a lot of those are moving back towards permanent rentals. So, there's a bit of a natural shift taking place in the market. But it's not very visible to the commentators on the sector, and it's also probably a bit slower than some people would want.” – The Holidays Collection, STR property management business

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The interview with Council staff indicated that STR is not considered a driver of Shoalhaven’s housing affordability issues. Shoalhaven has been experiencing housing affordability issues for the last 10 years (Council adopted its first Affordable Housing Strategy in 2017) and officers reported this has increased, with major impacts on key worker housing for tourism, healthcare and even council roles. Officers believe this due to more complex and multifaceted issues than STR including: increased demand during COVID and major local infrastructure projects (new hospital, highway upgrades, defence base upgrade); a reluctance in its high proportion of older population to downsize (staying in large family homes); and interest rates and economic pressures. The STR business also pointed to longstanding underinvestment in social housing. It was noted by all participants that most STRs are not the right type

of stock (large, higher-end homes), or in the right locations (isolated coastal areas) to be affordable LTRs.

Shoalhaven's economy depends on tourism, with STRs a critical component. All participants noted Council's strategy to build and leverage a sustainable, year-round tourism sector (currently contributing around \$1.45 billion annually). Council officers said that STR is making more use of existing stock to provide a different product offering to traditional accommodation which attracts families (which spend more in local economy). They said it also negates the need for high-end hotel developments which the community would not want. The STR business estimates it facilitates \$1.5 million per year into local service providers (cleaners, maintenance), supports jobs for around 100 people, and highlighted the multiplier effect this has locally. It's also serving transient workers including medical and construction.

The Shoalhaven community has conflicting views about STR. The increased visibility of STR through technology platforms has heightened community awareness and complaints. Concerns primarily relate to amenity impacts (when in use) and a hollowing out of the community (when not in use) impacting year-round sustainability of businesses. Yet tourism operators and local businesses rely on STR and the jobs it creates. Council officers note the challenge of balancing these issues locally and then the overlay of the State Government's broad regulations.

State regulation lacks flexibility to adapt to Shoalhaven's unique circumstances. Council (in its submission to the NSW government review) is advocating for a suite of regulation options that Councils can choose from to tailor to their local circumstances. Officers note that the State Government's broad regulations have 'hamstrung' the Council's ability to respond to tailor local responses, such as a visitor tax/levy to reinvest/offset the impact of tourism locally, or area-specific restrictions. The STR business also cautioned about the use of blanket regulations.

State regulation has raised community expectations and caused confusion. All participants acknowledged that amenity issues from STR have reduced, and operators improved over the last few years. However, council officers noted that the State regulation is confusing for the community (and council), which naturally look to council to resolve complaints. Historically, Shoalhaven was early and proactive in setting up mechanisms, through its planning scheme, to step in and address any amenity issues, however the State register has complicated it.

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“we had a lot more visibility over it, whereas what we've now gone to is a statewide mechanism and a portal, and it's a lot more convoluted and complex. People just don't know where to go if they've got a complaint about a particular premises, is it Council? Is it the government?” – Council officer

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Compliance impost is reducing effectiveness of current regulation. All participants expressed concerns that state-level regulations have introduced significant administrative and compliance requirements, which add to the operational costs and time needed to manage STR properties effectively. Council officers said this is compounded by the need to balance regulatory enforcement with promoting a tourism-friendly environment, and noted that data from the State register is not being passed back in a form or depth that supports its work. The STR business considered the register an “ineffectual bureaucratic system” that was created to address ‘party-house’ issues that no longer exist. It indicated that it would disproportionately impact smaller ‘mum and dad’ type STR owners.

### 4.3 Northern Territory

The Northern Territory has a population of just over 255,000 people (June 2024), concentrated in Darwin (around 150,000) and Alice Springs (just over 41,000).

In the 2023 March quarter, a total of 1,236 STRs were available in Northern Territory. Of these, 82.6% were in the greater Darwin area and 17.4% in Regional Northern Territory. In March 2023 there were 612 STRs in the local government area of Darwin (REIA, September 2023).

Of all STRs in Northern Territory, 902 were entire dwellings, of which 756 (83.8%) were in the greater Darwin area and 146 (16.2%) were in Regional Northern Territory (REIA, September 2023).

#### 4.3.1 Policy context

There are no specific STR regulations in the Northern Territory or Darwin, as summarised below.

NT incl. Darwin	Y/N?	Comment
Registration	No	
Land use planning	No	No development approval is required for hosted or un-hosted STR provided it meets permitted use requirements
Night caps	No	
Financial levers	No	

In 2018 the NT government undertook a review of short-term accommodation but did not introduce any Territory-wide STR regulations (Northern Territory Tourism NT, 2018).

Generally, hosted and un-hosted STR is a permitted activity under the Northern Territory Planning Scheme (i.e. no development approval is required). The Scheme does set out requirements for home-based visitor accommodation (Clause 5.4.10) including a maximum of 6 people on the premises and 1 carpark per guest room. For between 6 and 12 people on-site a permit/development approval is required. More than 12 people on-site is a prohibited activity.

Darwin City (Garramilla) is in the north of the Northern Territory. It is a capital city council but the Northern Territory Government Department of Infrastructure, Planning and Logistics (DIPL) is responsible for administering the Northern Territory Planning Scheme which contains controls, instructions and guidelines in the

assessment and decision making on development applications. There are no additional Darwin City Council regulations relating to STR.

### 4.3.2 Qualitative summary

Source:

- 1x interview Darwin City Council growth and economic development officer
- 1x interview with representatives from NT Government Departments of Lands, Planning and the Environment and Industry, Tourism and Trade (held immediately following 22 August 2024 NT Government elections. A new government was elected. It was unknown at the time of the interview if this will impact positions on STR regulation)

Darwin has a unique housing market with affordability and availability issues. Darwin's housing market experiences peaks and troughs in response to major investment projects, like oil and gas. Participants explained that it relies on international migration (due to proximity to Asia) and has a younger, more transient population including many seasonal workers and students. As a result, housing is relatively affordable to buy, but the long-term rental market is extremely tight, with a vacancy rate less than 1% and high costs. Participants spoke about barriers to stimulating new housing development, with zoned land available but due to expensive construction costs and lack of skilled trades, stock is 'drip fed' into the market to try and make it more financially lucrative. The NT government has been trying to stimulate more diverse and sustainable industry to create more consistency and is offering a \$50,000 first homebuyers grant to incentivise development.

STR plays a small role in Tourism and offers some benefit for residents. The STR market in Darwin is small compared to other Australian cities, representing 0.5% of private dwellings and 1.4% of private rentals in June 2021 according to participants. This was attributed to the tight LTR market, where property owners can earn substantial income from long-term rentals, and mixed demand due to Darwin's seasonal tourism (wet/dry) and popularity for caravanners. Participants suggested that STR may serve those with specific needs (like families, pet friendly) and can supplement traditional accommodation during peak times (events, major defence exercises), particularly if occurring simultaneously. One participant noted that STR provides more of an opportunity for residents to earn extra income from their property while on holidays themselves, than as a discreet investment option.

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"The rental market is tight, and you can get a lot of money to rent your house out. Why would you take it out of the rental market and put it into short term when you're only going to be able to rent it out a few months of the year?" - Council officer

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STR is not considered to be having negative impacts, but the question of equity has been raised. Due to its small scale, STR is not seen as having any impact on housing affordability or availability in Darwin, nor have participants recorded any significant amenity issues or complaints about negative impacts on community (though these are being experienced with LTR). In contrast to other capital cities, Illegal caravan parks are a key issue in Darwin.

However, traditional commercial accommodation providers have raised concerns about the lack of regulation in the STR market, in that it leads to an uneven playing field as STR operates without the same regulatory requirements (fire, safety). This was a key issue raised in the 2016 and 2020 elections, but not evident in 2024. The outcome of the government's 2018 review into STR was to wait and monitor other jurisdictions, and after the 2020 election a 'light touch' regulatory approach was explored. This centred on a model similar to Tasmania to compel platforms to provide data that would be useful to inform future policy, without being overly burdensome to locals providing STR. This did not progress due to changing priorities and the election cycle. Participants observed a shift over this period around where STR was positioned in terms of policy.

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"It's probably not even clear to me where short term holiday letting sits. It was initially perceived as a tourism related issue, but now it's a much more politically significant housing supply and affordability issue." - NT government officer

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## 4.4 Queensland

In Queensland in March 2023 there were 22,371 entire dwelling STRs, of which 4,066 (18.2%) were in Brisbane and 18,305 (81.8%) were in Regional Queensland.

### 4.4.1 Policy context

There are no State-based STR regulations in Queensland. This is summarised in the below.

QLD	Y/N?	Comment
Registration	No	A registration scheme was a commitment of the former government in 2024
Land use planning	No	
Night caps	No	
Financial levers	No	

In 2023, the Queensland government delivered a report on the impact of STR on housing affordability and availability across the state. The review found that short-term rentals have a limited impact on rental affordability. Rather it found dwelling stocks were a significant contributor to explaining rental price increases (Bond, Rambaldi, Corcoran, Sigler, & Zou, 2023).

The report included a key recommendation to implement a centralised registration system and a code of conduct to support local governments to monitor STR activity. It was also reported that statewide restrictions would fail to account for the diverse nature of STR dynamics across Queensland.

The Homes for Queenslanders Statement released by the Labor Government in 2024 proposed a Short-Term Rental Registration Scheme (Queensland Government, 2024). It said:

*We will conduct analysis and consultation to introduce a registration scheme for short-term rental properties like Airbnb. We will continue to monitor their impact on the broader supply of long-term rentals and whether more interventions are needed. We won't stand in the way of councils making short-term rental policies that suit the needs of their communities.*

In October 2024, there was a State-government election and a change of government. A Ministerial Housing Taskforce has been convened with a focus on boosting housing

supply (Queensland Government, 2024). It is not clear if a STR registration scheme is still under consideration.

### 4.4.2 LGA: Brisbane

#### Meanjin

Brisbane City is the capital city municipality of Queensland. In March 2023 there were 2,467 STRs in the Brisbane municipality (REIA, September 2023).

#### 4.4.2.1 Policy context

The table below provides a summary of the STR regulatory response in Brisbane:

Brisbane	Y/N?	Comment
Registration	No	It was considered but not pursued.
Land use planning	Yes	A development approval is required for un-hosted STR.
Night caps	No	
Financial levers	Yes	There is (the equivalent of) hosted and un-hosted rating categories both of which are a higher rate than owner occupied properties.

On 14 June 2023, the Lord Mayor announced the new Short-Stay Accommodation Taskforce. The Taskforce produced a report in June 2024 which recommended that Council develop a local law requiring all STR operators to obtain a permit (Brisbane City, 2024). It noted that *“The key issue for Brisbane when it comes to SSA is the amenity impacts on long-term residents. A local law is the most effective mechanism to address the amenity issue.”* A registration system is not yet in place.

In Brisbane, a development approval is usually required for un-hosted STR as it would meet the definition of ‘short-term accommodation’. In this context, the City Plan defines ‘short-term’ as typically a stay of less than three consecutive months. This includes motel, backpackers, cabins, serviced apartments, accommodation hotel, farm stay, Airbnb, Stayz and other similar forms of accommodation.

The development application is assessed by Council against Section 9.3.22 Short-term accommodation code in the City Plan. Short-term accommodation is primarily supported in centre zones or located near tourist, cultural or shopping and leisure facilities. There are no public notification requirements for the application process for sites in centre zones, higher density residential areas and in some low-medium density areas located on arterial or suburban roads, but there are in other areas. The

City Plan primarily ensures that adjoining residents or businesses are not significantly impacted by the use.

In 2022-23, Council introduced new rating categories to encourage more properties to be available on the long-term rental market. There are two categories – paid guest accommodation and transitory accommodation which broadly reflect hosted and un-hosted STR respectively. These properties pay a higher differential rate than owner occupied properties.

Paid guest accommodation is defined as accommodation provided:

- a) in a residence AND
- b) on a short term basis for less than 42 nights AND
- c) where the accommodation is advertised AND
- d) to guests who are not normally resident in the home AND
- e) for which payment is made.

The Residential – Owner Occupied with Guest Accommodation rating category (1ga) applies when the land would otherwise meet the description of Residential Owner Occupied but for the fact that part of the land is used for paid Guest accommodation. In addition to the definition above, there are requirements relating to the use (e.g. no more than 4 paying guests at any one time, total number of residents plus guests must not exceed 10 persons etc.) which determine whether the use is residential (rating category 1ga) or of a commercial nature (another rating category). For the 2024-25 financial year the differential rate for owner occupied properties with guest accommodation was 0.0129 cents in the dollar compared with 0.0112 cents in the dollar for residential owner-occupied properties.

The Transitory Accommodation rating category (23) applies where the land is used for transitory accommodation which is defined as:

*... the use of a dwelling as temporary accommodation by a paying guest. The dwelling must be offered, available or used for a period of more than 60 days in any one-year period by renting the dwelling for period/s of less than 42 consecutive days at any one time.*

*This use does not include the use of a room or rooms within a dwelling for temporary accommodation by a paying guest where the dwelling is also the main place of residence of the owner or an occupier who remains within the dwelling to host the paying guest. [Note this exclusion is included because under these conditions the Guest Accommodation rating category applies]*

For the 2024-25 financial year the differential rate for transitory accommodation was 0.5234 cents in the dollar compared with 0.0112 cents in the dollar for residential owner-occupied properties.

#### 4.4.2.2 Qualitative summary

Source:

- Short-Stay Accommodation Taskforce Report, (Brisbane City, 2024) (sent by officer from Brisbane City Council in lieu of an interview)
- 1x interview STR property management business, approx. 100 properties (mainly premium, mix of houses and apartments)

The STR market, like tourism, is returning to pre-COVID levels. The Short-Stay Accommodation Taskforce (the Taskforce) noted growth in the STR market in Brisbane with active Airbnb listings increasing from 2,552 in July 2022 to 3,497 in July 2023, nearing the previous peak of 3,810 in July 2019. At the same time, it reported that domestic tourism had almost fully rebounded, and international visitation recovered to around half of pre-COVID levels.

Brisbane has a mix of investor-STRs and lifestyle-STRs, with profit not the major driver. According to the STR business, around half of its property owners were motivated by investment only, whereas the other half either used, or were going to use the STR themselves. This aligned with a Council survey cited by the Taskforce that around 60% of STR properties are offered full-time. The survey also found that 33% of operators had switched from long-term rental (LTR) to STR for profitability, ease of maintenance and flexibility. The STR business had not observed any shifts from LTR to STR, it said that profits were not a primary driver and confirmed that flexibility, maintenance and better tenant screening were key reasons owners favoured STR. It highlighted that recent tightening of LTR tenancy rules, such as limits on rent increases and allowing pets, was influencing some to choose STR. It said that there was a misconception that profits from STR were higher than LTR, particularly with the current high LTR returns.

STR is not considered to be driving housing shortages or availability. The Taskforce reported that 77% of STR listings (as at July 2023) were for entire homes or apartments. However, it cited the University of Queensland's 2023 research that found STR in Brisbane constitutes a very low proportion (0.4%) of available dwellings, concluding that the relationship was very limited and broader housing supply issues were driving a decline in housing affordability and availability. The STR business agreed, observing significant growth in housing prices driven by high interstate migration, and not enough development during COVID.

There are mixed community perceptions about the impact of STR, influenced by media reporting. The Taskforce reported that many stakeholders and community members believe STRs contribute to reduced long-term rental supply, particularly in high-demand areas, while others argue that hosted and un-hosted STRs provide essential financial flexibility for property owners to cover rising costs. The STR business said that the focus on the STR sector is unfair given its low proportion of total housing stock, and that negative views have been sensationalised by the media.

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“You feature the word Airbnb and party, then it's the number one news story. But you put a long term lease... There was an out of control party in Brisbane - not news” – STR property management business

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STR plays a significant role in accommodating tourists, visitors and meeting essential needs. All sources reinforced that STR offers diverse and flexible accommodation options, particularly for tourists and visitors. They are considered an important supplement to the traditional accommodation market, especially during key events such as sporting, business, and entertainment events. As Brisbane prepares for the 2032 Olympic and Paralympic Games, STRs are viewed as crucial for accommodating the anticipated influx of visitors (and was cited as part of the original bid to host the Games), while also supporting the local economy by providing financial opportunities for hosts. The Taskforce reports an anticipated \$4.6 billion in economic benefits from international tourism and trade because of the Games. Both sources also noted that around 40% of STR use is for other purposes including business, relocation, medical visits, and emergency/disaster relief such as during the Brisbane floods, displaced people during COVID lockdowns and insurance issues.

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“there is an emerging need to ensure there is sufficient temporary accommodation stock (both in the form of traditional temporary accommodation such as hotels, as well as SSA) to meet the needs of national and international visitors” - Short-Stay Accommodation Taskforce Report, page 70-71.

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Regulation is seeking to balance residential amenity and commercial interests. According to the Taskforce Report, the current regulatory approach in Brisbane (planning and differential rate categories) aims at balancing STR benefits with the

need to ensure permanent residents are not unduly impacted. Applying higher rates to STR properties seeks to ensure a fair contribution to the additional costs associated with increased pressure on maintaining the local area, such as public amenities and waste collection, and to dissuade property owners from converting LTR to STR. The STR business was critical of the rating approach, suggesting it was motivated by politics and revenue, and had no influence on returning STR stock to LTR (the Taskforce also noted no significant deterrence). It felt the application was “discriminatory” and cited examples where owners of individual apartments in traditional serviced apartment/hotel developments, were getting charged high rates because they chose to list independently on STR sites rather than with the complex manager – but both were the same type of accommodation.

Fair regulation, that legitimises the STR sector is supported. The STR business was supportive of regulation that would remove the “bad eggs” from the industry, whether that be a local law or state-based register with safety requirements, a code of conduct and data-sharing requirements. It also saw permits, registration fees or a visitor levy as a more equitable way to draw revenue rather than the current rating approach. However, it questioned the ‘fairness’ of requiring a property manager available 24/7 when this is not a requirement on LTR, and cautioned against allowing strata body corporates to prohibit STR saying it would cause a monopoly for traditional serviced apartment/hotel site management operators, and lead to a concentration of STRs in buildings.

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“I am all in favour of rules and regulations... I encourage rules and regulations to make it a fair playing ground for everyone” - STR property management business

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Lack of available and accurate data is impeding regulatory compliance and enforcement. The Taskforce reported that the primary challenge for Council has been access to accurate data on STR properties, with platforms refusing to provide specific addresses due to privacy concerns. This has inhibited the application and monitoring of regulations, such as using ‘scraped’ data to determine a property’s rating category, and limited the data available to inform policy. The STR business reflected critically on this issue, saying council ran a campaign encouraging residents to ‘dob in their neighbour’ which was driven by political visibility. Both sources pointed to the need for an accurate data sharing mechanism with platforms such as a register.

### 4.4.3 LGA: Gold Coast

#### *Yugambah*

Gold Coast is a regional city municipality south of Brisbane. In March 2023 there were 5,434 STRs in the municipality (REIA, September 2023).

#### 4.4.3.1 Policy context

A summary of STR regulatory response in Gold Coast is set out in the table below.

Gold Coast	Y/N?	Comment
Registration	Yes	A 2008 Local Law requires a rental accommodation licence for all rental accommodation (including hotels, hostels, and now captures un-hosted STR too). By paying your rates (with the associated rating category) you are deemed to be licenced.
Land use planning	Yes	A development approval is required for un-hosted STR.
Night caps	No	
Financial levers	Yes	There is (the equivalent of) an un-hosted STR rating category which is a higher rate than owner occupied properties.

A rental accommodation licence is required under the City of Gold Coast's Local Law No. 16 (Licensing) 2008 and Subordinate Local law No. 16.1 (Rental Accommodation) 2008. This Local Law was established to enable Council to investigate public health and safety in rental accommodation including hotels and hostels, and it now also applies to un-hosted STR. Hosted STR does not require a licence if it is for four guests or fewer. For most permanent or tourist rental accommodation, payment of rates is deemed a licence renewal (if the rating category is correct). The exception is Backpacker Hostels which require a separate licence.

Under the City Plan a development approval is required for short term accommodation. Short-term accommodation is defined as *"providing accommodation of less than 3 consecutive months to tourist or travellers."* Short-term accommodation is regarded as a 'tourist and entertainment' activity under City Plan. It is not considered 'residential' activity. The equivalent to un-hosted STR, 'Short-term accommodation' is 'code accessible' (an easier development approval path) in many areas including the centre zone, high density residential zone, major tourism zone, and under certain requirements the medium density residential zone, and neighbourhood centre zone. In other locations in the city, short-term accommodation requires an 'impact

assessable' development approval. The application requires more detailed consideration than code assessable and the application must be publicly notified.

The equivalent of hosted STR, a 'home-based business' requires a development approval. Whether the application for that development approval will be code or impact assessable, depends on the zone.

If a dwelling:

1. is rented to guests for a period of less than 10 days where the owner does not occupy the dwelling during that period; and
2. on more than two occasions in a consecutive 12-month period there is a party by guests,

this is defined as a 'party house' use.

A 'party house' use is a prohibited use throughout the city, except in the 'party house' area on the 'party house' overlay map (part of the suburb of Surfers Paradise). A prohibited use means it cannot be carried out lawfully, and no development approval can be obtained to legalise the use. In the 'party house' area, 'party house' is an Impact assessable use.

Similar to Brisbane Council (see 4.4.2) the Gold Coast has a differential rates for STR. For example, for the 2024-25 year the rating category 3A Single Unit dwellings rented to itinerants has a differential rate of 0.933891 cents in the dollar compared to the differential rate of 0.266829 cents in the dollar for category 1A Single unit dwellings not rented.

#### 4.4.3.2 Qualitative summary

Source:

- 1x interview Gold Coast Council planning development department officers, and follow up email/phone discussion with environmental health officer
- 1x interview STR property management business, 97 properties (95% holiday strata apartments, mix of premium and standard)

The role of STR on the Gold Coast is almost entirely tourism-related. Participants noted that STR offers diverse and flexible accommodation options for tourists, which is crucial given the area's appeal as a major holiday destination. According to the STR business, 95% of its booking are for tourism, and participants all noted that STR is supplementing traditional accommodation usually at capacity during peak periods, bringing additional benefits to the local economy. The STR business also raised the

ability of STR to immediately accommodate people locally during a crisis, such as the extreme storms in Christmas 2023.

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“this city more than a lot, is a holiday destination. So people come here to holiday. They always have and they always will, regardless of short term rentals. I think if you lose the supply of short term rentals here hotels are going to be fully booked and we lose all that... and that's going to affect the economy when it comes to tourism.” – Coast Holiday Management, STR property management business

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Owners are primarily using their STR properties for lifestyle and as investments for retirement. The STR business reported that 80% of its property owners currently use or intend to use their properties in the future. It said many of its properties (up to 20%) were owned through self-managed super funds, drawn to STR because it allows stock to be turned over quickly to maximise financial returns and freedom to access the property to gradually improve it. The STR business reported a “stand still” in the STR market during COVID, followed by a surge that set “unrealistic benchmarks”. It suggested that factors like cost of living are seeing the market balance out and observed that profits were currently around the same as LTR, or only 5% higher.

Housing stress is high and there are major supply shortfalls. Participants observed a doubling of house prices since COVID and cited significant demand from people relocating from Sydney and Melbourne. In addition, Council officers reported a 5,000 dwelling shortfall in student accommodation and a 5,000 shortfall in social housing putting further pressure on the private rental market. This was also seen to be impacting housing for key workers, though good public transport connections were alleviating some impact enabling workers easily commute from outside the municipality. Interestingly, council officers reported growth in the number of secondary dwellings but were unsure if this was driven by personal, family or STR use.

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“there's a big increase in secondary dwellings... there's a lot of housing areas in the city that are well located on large lots. This might have been typically a family home, but now they're doing a second dwelling, and then maybe renting that second dwelling out to get a bit of rental income, or to accommodate people like family members or their children that can't buy a home or can't get a rental.” – Council officer

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Gold Coast's regulatory approach and data capture isn't specific to STR. Council classifies all tourist accommodation as short-term rental for the purposes of planning and regulation. Council officers reported that around 15% of its housing stock is tourist accommodation, and estimates that STR (as defined by this report) has grown and now accounts for an additional 5,800 dwellings, but it's not regularly tracked and is classified as normal housing stock. Officers observed an increase in the number of luxury canal homes in residential areas being used for STR, in addition to traditional high-rise apartments.

STR is seen to only have a minor, cumulative impact on housing affordability and availability. The STR business felt its sector was being unfairly blamed for housing issues, and said that it lost a lot of its STR properties during COVID (to LTR or owner occupiers) and only a small number have returned. All participants noted that STR may cause a small reduction in permanent housing availability, however said that the impact would be minor compared to a range of other pressures including accelerated rates of population growth, undersupply of social and student housing and interest rates and cost of living. A key factor raised by all participants was challenges with local construction.

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“A lot of our large construction companies that would normally be here delivering, particularly units, are all down south because of better conditions down there. We just don't have our tier one builders here at the moment. And any unit developments we've seen recently are a different kind of unit product. They're very luxury, boutique sort of unit type now” – Council officer

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General tourist and rental property regulation is considered sufficient for STR currently. Gold Coast council does not specifically regulate STR (as defined by this report), rather it is picked up through existing local planning policy (including 'party

house' provisions) which does not differentiate between 'hosted' and 'un-hosted', and a rental accommodation local law requiring a license. Officers explained that the intent of the local law is to set safety and hygiene standards across all types of rental accommodation and is relatively unique across Queensland. Officers noted that some STRs have come to their attention because of amenity complaints (mainly in residential areas) and this may trigger the need for a development approval, but on the whole, the regulatory approach is working well. The STR business spoke about examples where the planning and license requirements in residential areas had deterred prospective operators. Council's proactive compliance is mainly focussed on permanent rentals and formal tourist accommodation, and data is not broken down to a level to capture STR (as defined by this report).

Support exists for a state-based register. All participants welcomed a state-based STR registration system. The STR business saw it as a positive step to "flush out the poor operators" and professionalise the industry, and pointed favourably to the NSW approach of having a 'bad operator and bad guest' register. Council officers saw its value as an accurate data-capture tool, raising many limitations with currently available 'scraped' data.

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"A property registration system is good for policing bad operators and guests. A federal system would be ideal for consistency." – Coast Holiday Management, STR property management business

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Balancing tourism and permanent housing need is a key focus of current strategic work. At the time of the interviews, Council was working on a new Housing Strategy, Growth Strategy and Planning Scheme Review. Officers noted that they were considering how to encourage greater housing diversity, to bridge the current gap between high rise apartments and detached homes, and whether they needed to apply more localised regulations around appropriate land use in their medium density areas. However, this was work in progress and no directions had been decided.

### 4.4.4 LGA: Noosa

#### *Noothera*

Noosa Shire is a regional municipality a couple of hours north of Brisbane. In March 2023 there were 2,124 STR in the municipality (REIA, 2023).

#### 4.4.4.1 Policy context

Summary of STR regulatory response in Noosa is set out in the following table.

Noosa	Y/N?	Comment
Registration	Yes	For all hosted and un-hosted STR. Managed through a Local Law. Includes Code of Conduct
Land use planning	Yes	A development approval is required for un-hosted STR.
Night caps	No	
Financial levers	Yes	There is (the equivalent of) an un-hosted STR rating category which is a higher rate than owner occupied properties.

On 21 October 2021, Noosa Council adopted a new local law for short stay letting and home hosted accommodation (the first to do so in Queensland). The new local law commenced on 1 February 2022.

Approval is required for all existing and new properties operating STR or home hosted accommodation, unless identified as exempt. The local law regulates and manages the ongoing use of hosted and un-hosted STR to ensure safety and appropriate insurance coverage, and reduce the impacts on permanent residents and residential amenity through a local management framework, including nomination of a 24/7 contact within 20km and code of conduct for guest behaviour. The Code of Conduct is available [here](#).

A one-off application must be made to Council under the local law and then the approval requires annual renewal. If a development approval or evidence of existing use rights is required, this must be provided to be able to register. The initial application fee ranges from \$250 to \$1,050 depending on the property type. The renewal fee ranges from \$100 to \$400. The fee structure is updated every year to reflect the level of Council resourcing required for each different type of STR.

The Council provides a snapshot of STR on their website, updated quarterly ([here](#)) where they list the total number of approvals under Local Law, calls to the hotline, the proportion of hosted vs. un-hosted STR, and infringements issued.

In addition to the requirement for a licence, STR may require development approval. Short-term accommodation is considered an 'acceptable development' and does not require development approval if it is:

- (a) in an existing building which is the applicant's principal place of residence;
- (b) occupied by short term guests on no more than 4 occurrences in any calendar year; and
- (c) occupied by short term guests for a total of no more than 60 nights in any calendar year.

If it does not meet these requirements, it is deemed an 'impact assessable' development and development approval is required. This means that generally, hosted STR does not require development approval, but un-hosted STR does require development approval. STR is considered consistent with most zones (approval is likely subject to assessment and requirements being met) but is considered inconsistent with the Low Density Residential Zone (you can apply but the application is unlikely to be supported).

It is also important to note that in any zone a secondary dwelling or granny flat cannot be used for short term accommodation or as a home-based business (home hosted visitor accommodation) because it is a separate self-contained dwelling.

A self-contained secondary dwelling or granny flat may be constructed as part of a dwelling house but must be small scale and subordinate to the dwelling house. Secondary dwellings are intended for permanent occupation by an extended member or members of the dwelling house household. There must be a connection or relationship between the residents of the secondary dwelling and those of the balance of the dwelling house, (for example grandparents or adult children) with the two dwellings still operating as a single household.

Noosa Council is proposing changes to its Planning Scheme (Proposed Amendment No. 2) to rezone some Tourist Accommodation zoned land to High Density Residential Zone. The amendment would also prioritise permanent residents within the Medium and High Density Residential Zones by identifying Short-term accommodation as inconsistent with those zones. The amendment also seeks to ensure any visitor accommodation in Rural and Rural Residential zones is in conjunction with the permanent residents' dwelling and not replacing it. If approved, the requirements would only apply to new uses/developments and would not be applied to legally established STR.

Noosa Council also has differential (and higher) rates for STR compared with owner occupied properties. For 2024/25 the differential rate for Residential – Principal Place of Residence (owner occupied) is 0.2279 cents in the dollar. For Residential – Home Hosted Transitory Accommodation (hosted STR) the rate is 0.3191 cents in the dollar. For Residential – Transitory Accommodation (un-hosted STR) the rate is 0.4558 cents in the dollar.

#### 4.4.4.2 Qualitative summary

Source:

- 1x interview Noosa Shire Council environment and strategy, and development and regulation department officers
- 1x interview STR property management business, 150 properties (predominantly premium)

There are indications that STR proliferation during COVID is correcting. Participants noted a marked increase in STRs, driven by the accessibility of online platforms and heightened domestic tourism/migration during COVID, which expanded STR activity from traditional coastal and tourism hotspots to inland and residential areas. However, the STR business observed a retraction of this spread back to seaside areas as remote workers return to their home states and international travel resumes. It reported a 50% drop in website traffic related to 'Noosa' and indicated that approximately 10% of its managed STRs have transitioned to the long-term rental (LTR) market. This subtle shift from STR to LTR was observed by Noosa council officers, who also noted a reduction in hotline complaints about STR properties during the first six months of 2024.

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“We've always been a tourist destination, and we've always had holiday homes and short term let homes, but the proliferation of the online booking platforms, the disruption that that brought to the industry meant that the numbers blew out really, significantly, really quickly” – Council officer

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Noosa has always been a holiday destination and STR is an important part of the tourism economy. Participants emphasised that STRs are an established part of Noosa's accommodation ecosystem, and offer flexible, diverse options for tourists and help ensure there is sufficient capacity during peak tourist seasons. The STR business estimated that 99% of its property's guests are tourists, and cited that

Tourism is drives around 40%-45% of Noosa's GDP. It said that STR provides opportunities for locals to make money from the local accommodation market through hosting, providing services or employment (its business provides local work for approximately 100 people). The STR business emphasised that tourists bring in a disproportionate amount of money compared to local spending alone, sustaining a range of businesses that locals enjoy (such as retail and restaurants), that would otherwise not be available. Council officers referenced the importance of balancing tourism and economic needs with housing demand and cited regular, ongoing roundtables with the STR and tourist accommodation sector.

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"Noosa is competing with other destinations now that international travel is back. STRs play a huge role in keeping us attractive because they offer what people want – flexibility, a home-away-from-home feel. And that draws people in, who then go out and spend money in the community, helping keep businesses afloat and workers employed." – Aspire Property Management, STR property management business

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Feedback indicates that many owners are using their STR properties for lifestyle purposes. Noosa council officers reported that of the approximate 3,000 STRs in the shire, 85% are owned by people outside of the Shire (including many interstate), which has led to growth in the local STR property management sector, and could suggest strong financial incentives for STR. The STR business reported that 90% of its property owners currently use their properties, have owned them for at least 5 years and are well-known in the community. However, it is not clear whether this is generalisable to all STRs or a reflection of the STR businesses premium property portfolio.

Concerns about STR have shifted from amenity-related to housing and community-related. Council officers reported that original community concerns about STRs were amenity-related issues, such as noise, overcrowding and disturbances from 'party houses'. They said traction has been made with those issues, and concerns have evolved to housing-related issues and the impact of STRs on community dynamics and the character and liveability of local neighbourhoods.

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“We saw a hollowing out of our residential streets where we would have 20 odd houses in a street that might have had one or two holiday homes... there was a changing fabric where there was only one or two residential properties left for permanent residents. So it's a complete flip from a residential street to a kind of a tourist visitor accommodation area.” – Council officer

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Local housing issues intensified during COVID and are impacting key workers. All participants reported that interstate migration during COVID intensified local housing affordability and availability issues. It was recognised as a critical issue, and Council officers said businesses, including hospitality, healthcare and council itself, were struggling to attract employees due to the lack of suitable housing. The STR business did note some recent improvement in LTR availability and rates and observed some houses vacant for 2-3 months. Council officers said that many properties in Noosa are three to four bedrooms but are occupied by only one or two residents, so it was exploring an ‘adopt a worker’ program, where “spare rooms or unused spaces in larger homes could be leveraged to address housing shortages for key workers”.

Noosa has never been ‘affordable’ but the concentration of STR is seen to have some impact on housing *availability*. All participants noted that affordability in Noosa was a long-standing challenge, given it has one of the lowest average incomes in Queensland while being attractive to tourists and wealthy retirees. Council officers explained that an ‘affordable’ home in Noosa would be between \$460,000 - \$480,000 and that it was tough to find anything for double that price. The STR business said planning policies that limit density to protect the ‘village feel’, and minimum apartments sizes and parking requirements, has contributed to a mismatch of stock to community needs, “the distortion that that’s created in the quantity of stock within a high demand area has grown the value disproportionately”. Council officer feedback reflected the affordability challenge and noted a range of contributing factors including persistent high demand for housing coastal areas, rising construction and development costs, and lack of supply and housing diversity. Noting the long-standing affordability challenges and drivers, Council officers saw a clearer relationship between STR and housing *availability*, due to its concentration. They reported a 20% vacancy rate on the last Census night (assumed a mix of STR, under-occupied and vacant properties) and said the concentration of STR is much higher in key coastal areas.

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The pure concentration of short-term rentals in key areas has had a significant impact on housing availability. In some neighbourhoods, the density of STRs has displaced long-term residents, contributing to a loss of permanent rental stock and changing the character of the community.” – Council officer

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The regulatory approach in Noosa is established, comprehensive and resource intensive. Officers said that Council had been leading STR regulation in Queensland for more than 7 years, advocating for state-based regulation (and definition in its planning scheme), and the first to implement a STR local law. The planning scheme definition provided a basis to implement zoning controls to guide where STRs could (or could not) operate, and the local law addressed amenity and community-impacts. Higher rates for STR properties and registration fees (through the local law) cover the costs of operating it’s dedicated ‘short stays team’ to apply, monitor, enforce and review the regulations.

Following a review of the local law, Council introduced a public dashboard in late 2023 to improve transparency with the community, and is undertaking proactive work to ensure all STRs are registered. Officers said that Council has made “some good traction” on community concerns over the last four years, and the data is supporting targeted education around key issues. However, they cited two key challenges: contention about whether the local law should apply to resorts that allow mixed use (permanent resident and short stays) with on-site daytime managers (8-5pm); and state-government ‘existing use rights’ that reduce the speed and effectiveness of the planning scheme interventions and potentially inflate the value of properties with those rights.

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“a large number of, particularly the residential dwellings, were able to demonstrate existing use rights prior to the new scheme coming in in 2020. If they could sufficiently demonstrate they had existing use rights, they were able to continue those use rights” – Council officer

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Feedback on current regulation is generally supportive, but not for planning provisions. Council officers recognised the need to balance tourism, economic and housing issues, and worked closely with the STR sector to develop the code of conduct and overcome initial pushback. The STR business said that because Noosa

was quite a mature market the local law was generally well-received, with no notable impact on its owners' decisions to operate STR. It stressed the need for streamlined processes and consistent enforcement to ensure all operators were following the rules. Conversely, the STR business said that the planning provisions were unfair and counterproductive, causing stock to sit vacant instead of generating income and most importantly, supporting local tourism, businesses and jobs.

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“Because of a lot of Noosa is low density, we've got 30 million dollar mansions where the owner would rent a couple of times a year if they could. If it's your principal place of residence, you can rent it for 60 days a week. But if it's in a trust or a company name you're just banned. It just seems crazy that you've got a property that could rent for \$50,000 a week, and offer quite high paying roles too.” – Aspire Property Management, STR property management business

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Proposed planning scheme changes are a longer-term initiative. Participants noted that as the proposed planning scheme changes would only apply to new builds, the intent was to gradually shift the balance of housing stock in key zones to permanent residency. Council officers explained that it was about setting a “line in the sand” for the future. The STR business said that it was unfair, and an ineffectual change, that would have no impact on affordability due to the high costs of redevelopment, while impacting the local economy.

There is support for a state government register, provided it is implemented effectively. Council officers felt that a state register could be useful for capturing accurate, reliable data by compelling platforms to provide data, overcoming the limitations of relying on property owners to self-report under the local law. They emphasised the importance of ensuring this data is shared to support local compliance and enforcement efforts. However, they stressed the need to retain control over STR management, including the ability to fund their short stays team through locally administered fees.

STR is a divisive issue in the community. The STR business stressed that the regulatory focus had led to disproportionate attention on STRs, citing that there had been only 3 genuine breaches and 115 callouts in the past 12 months across around 3,000 STR properties. It argued that amenity issues in long-term rentals do not attract the same level of community scrutiny. Council officers acknowledged a “very active community that is very interested in this subject,” particularly in some suburbs, and that “there are still some cohorts in the community pushing for faster movement to

reduce short-term accommodation in residential zones.” The STR business felt that new permanent residents had unrealistic expectations given Noosa’s holiday rental history, and raised potential negative impacts of increased permanent residency: year-round traffic, influx of day-trippers, no quiet winters, reduced diversity of restaurants and shops, and flow-on economic and employment impacts. Council officers suggested that the revenue that platforms draw from STR properties in Noosa was significant and a small (even 1%) contribution back into the local community would help rebuild the social license of the industry.

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“What we have noticed through the licensing is definitely more vehement issues because it’s created a divide of an ‘us and them’ because of the lack of understanding of the ultimate fabric of the town and the breadth to which the servicing of the tourist dollar underpins so many things.” – Aspire Property Management, STR property management business

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## 4.5 South Australia

In March 2023, of all STR places in South Australia, 6,402 were entire dwellings, of which 2,973 (46.4%) were in Adelaide and 3,429 (53.6%) were in Regional South Australia (REIA, September 2023).

### 4.5.1 Policy context

The State Government does not have any specific STR regulatory responses in South Australia. This is summarised in the table below.

SA	Y/N?	Comment
Registration	No	
Land use planning	No	
Night caps	No	
Financial levers	No	

There are no State-wide regulations on STR in South Australia. There was a Bill introduced in 2021 which included a registration scheme, code of conduct, and penalties. But it did not progress to legislation.

### 4.5.2 LGAs: Adelaide and Barossa

#### 4.5.2.1 LGA: Adelaide policy context

##### *Kaurna people*

Adelaide City is the capital city municipality of South Australia. In March 2023 there were 618 STRs in the municipality (REIA, September 2023).

A summary of STR regulatory response in Adelaide City is provided below.

Adelaide	Y/N?	Comment
Registration	No	
Land use planning	No	
Night caps	No	
Financial levers	Yes	Higher Council rates for un-hosted STR (compared with owner-occupied) if the STR is available for more than 90 nights a year

Adelaide City does not have a registration scheme or licencing for STR.

STR does not require development approval other than for the usual approvals required to construct a dwelling.

Council applies a higher rate to un-hosted STR to recognise its commercial nature compared with other residential use (e.g. owner occupier). For the purposes of rating a property, Short-stay accommodation refers to premises used for temporary accommodation for visitors on a paid basis. This includes hotels, serviced apartments and private residences provided through online platforms such as Airbnb and Stayz. A property will be classified as Short-Stay accommodation if it is *available* for rent for more than 90 days a year but housing where someone lives permanently but rents out a room (short or long-term) is not considered Short stay accommodation in Council's definition and will not attract the higher differential rate. In 2024-25 the residential rate is 0.111646 cents in the dollar and the non-residential rate (under which un-hosted STR falls) is 0.136813 cents in the dollar.

#### 4.5.2.2 LGA: Barossa policy context

##### *Peramangk and Ngadjuri Aboriginal people*

Barossa Council is a regional municipality northeast of Adelaide. In March 2023 there were 195 short-stay accommodations in the municipality (REIA, September 2023).

A summary of the STR regulatory response in Barossa municipality is set out in the following table.

<b>Barossa</b>	<b>Y/N?</b>	<b>Comment</b>
<b>Registration</b>	No	
<b>Land use planning</b>	Yes	For hosted and un-hosted STR
<b>Night caps</b>	No	
<b>Financial levers</b>	No	

Barossa Council does not have any STR registration or licencing requirements.

Development approval is required to use an existing dwelling for any form of tourist accommodation, regardless of the number of guests being accommodated on the site. As part of approval, various standards relating to facilities and amenities must be met.

There are no STR night caps or financial levers in place.

### 4.5.2.3 Qualitative summary

The individual summaries for Adelaide City and Barossa Shire LGA's have been combined because the one STR property management business interviewed had properties across both areas and the broader Adelaide region.

Source:

- 1x interview Adelaide City Council planning and finance department officers
- 1x interview Barossa Council planning officer
- 1x interview STR property management business, 36 properties in Adelaide, south coast and Barossa (approx. 15 in Adelaide City, 3 in Barossa), predominantly premium properties

The STR market is seen to be self-correcting following rise of technology platforms and COVID impacts. The STR business explained that two factors had contributed to a 'boom' in STR: the rise of online booking platforms that increased the accessibility and popularity of STR, and impacts of COVID (which saw a boom in travel in the regions, and negative impact in cities). It said this had contributed to a mix of residential and traditional holiday accommodation stock being used for STR and increased investor expectations of STR returns. However, the STR business observed that market forces were now re-balancing this. It noted that this is reinforcing clear distinctions between traditional holiday/accommodation stock and standard residential stock, with LTR again delivering higher returns in residential stock and resulting in fewer, higher quality STR stock (to achieve returns).

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"I feel like a trend is that the free market is somehow correcting the economic incentive for purchasing short term rentals because of the housing demand for long term rentals and an oversupply in areas that aren't traditionally tourist." – STR property management business

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STR is being used primarily for lifestyle reasons and retirement planning, with some investors in the City. The STR business estimated that approximately 20% of its property owners used STR solely as a financial investment, potentially higher in Adelaide, but current or future personal use of the property was the overwhelming driver. It has observed some properties shift from STR to LTR due to better financial returns, but noted that most shifts are usually the result of a new owner with different personal objectives.

The role of short-term rentals (STRs) in Adelaide City tourism is less pronounced compared to coastal and regional holiday areas. Adelaide Council officers highlighted a significant increase in hotel supply and quality in recent years, suggesting STRs may not play a major role in supplementing accommodation capacity. However, they acknowledged that STRs provide a different type of accommodation and did note instances of "price gouging" during major events, with some operators increasing rates by up to 1000%, indicating some role in meeting peak demand. In contrast, the Barossa council officer highlighted the region's undersupply of traditional accommodation, suggesting STRs play a crucial role in supporting local tourism, and may play an important role in supporting the State Government's investment in the new 'Barossa Park' AFL venue. That said, Barossa's proximity to Adelaide sustains a strong day-trip tourism market, which alleviates some pressure on local accommodation. Similarly, the STR business argued that STRs in traditional holiday areas, like the south coast, activate otherwise dormant properties, generating benefits for tourism, local services, and hospitality industries, and enable 'mum and dad' investors to participate in the tourism market. It added that STR provides many benefits beyond tourism including temporary housing for key workers (such as events), emergency housing and relocations, and supports local, flexible employment opportunities.

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"Our service provides jobs and opportunities to the region, not just for the people we directly employ, but also for service providers like cleaners, gardeners, photographers, and others." – STR property management business

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Housing affordability and availability is a challenge experienced across both Adelaide and Barossa. Adelaide council officers said that Adelaide was one of the tightest rental markets in Australia, with vacancy rates dropping to below 1% in recent years. They reported that median weekly rents for houses have risen by approximately 15-20% over the past two years, putting significant financial pressure on tenants, "and when you look at how typically South Australia has lower wages and things like that, it is a huge economic issue" one said. The Barossa council officer also reported challenges, citing concern about the impact this is having on the ability for local businesses to attract staff. They reported receiving many enquiries about tiny homes for living in and tourism in rural areas.

STR impact on housing affordability and availability considered minor in comparison to other drivers. Both councils and the STR business acknowledged that STRs may

cause a small reduction in LTR availability, but said that the primary issues stem from broader systemic challenges, including limited housing supply, rising demand, and stagnant household incomes. The STR business remarked that the STR industry had become a “very simple scapegoat” for a “very complex broader issue” saying it was “an emotional argument more than a factual one”. The Barossa council officer said that land supply in the Barossa and McLaren Vale townships has been limited since 2012 due to the application of the Character Preservation Act, but that there were several developments underway and a new area identified to help increase future supply. Adelaide council officers cited long-term vacant buildings as a challenge, saying that leveraging this was an opportunity to provide more immediate housing stock, and part of its broader strategy, combined with dissuading STR, to achieve incremental, cumulative increases in housing. They also noted that loopholes around the sale and timing of developments approved as Affordable Housing as a contributing factor.

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“if we're looking at putting housing supply back into the market to be shelter over the next 4 years, and it's just 50 here, 10 here, another 150 here, our State government's putting in a massive development there, that's 200 - that all adds up” – Adelaide council officer

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Confusion exists about planning requirements for STR. Adelaide council officers said that there was a lack of uniformity in how planning rules are interpreted or enforced, which causes confusion in the STR market. They noted that while the state government declared STRs exempt (in a statement by the then Minister for Planning in 2016), some local governments have taken different approaches, suggesting that planning or development approval may still be required in certain circumstances. This is the case in Barossa, where certain types of STRs are required to have development approval. The Barossa council officer said 13 applications had been received in the last two financial years (2022-24) but pointed out several gaps in the current planning framework, including the lack of clear definitions and policies specifically addressing STRs, saying there are likely many operating ‘under the radar’. In relation to Barossa, the STR business said that not all property owners understand or adhere to the planning regulations, and suggested this may potentially make other areas without planning requirements more attractive to owners, negatively impacting the local tourism market.

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“There are some owners who are ignoring the requirements, and it doesn’t seem like there’s consistent enforcement across the board.”

– STR property management business

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Lack of state regulation is impacting councils’ ability to respond to STR locally. Officers from both councils noted the absence of a statewide regulatory framework for STRs, saying it leaves them with limited tools to respond to STR. Barossa said the planning scheme lacked strength to direct STR out of residential and township areas. Adelaide council officers said that limitations in the state rating rules, prevented Council from increasing rates for STR to a high enough level to influence behaviour change (noting that the average STR property in Adelaide earns \$19,000 per year and owners were only paying an additional \$400-\$500 in rates). Instead, the higher rate serves to create equity with other commercial accommodation providers and act as a deterrent to future growth in the STR sector. Officers from both councils expressed frustration with an apparent reluctance from the State government to introduce some form of regulation.

Councils are calling for a state-based registration system to support data capture. Officers from both councils emphasised significant gaps in data availability and reliability, which hinder their ability to effectively assess the scale and impact of STRs. They noted reliance on external sources like AirDNA, which have known flaws. Adelaide Council officers, for example, highlighted that while the higher rate for STR properties was applied to 280 properties in 2024-25, they estimate there are likely 500-600 applicable properties but lack accurate data to verify this. They also considered introducing a by-law but found implementation costs would exceed potential fee revenues, preferring state-level regulation. Both councils advocate for improved data reporting or registration systems, pointing to models in New South Wales and Western Australia as effective examples.

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"there's a need to better understand the extent of this, which would be aided by solid data, but we can't implement this without some kind of state support." – Barossa council officer

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# 4.6 Tasmania

## Lutruwita

In the 2023 March quarter, a total of 5,222 STRs were available in Tasmania. Of these, 34.2% were in greater Hobart and 65.8% in Regional Tasmania (REIA, September 2023). For the period October to December 2023 there were 7,241 individual STR properties reported through the State-wide reporting scheme (Tasmanian Government, 2024).

### 4.6.1 Policy context

The table below summarises the STR regulatory response in Tasmania.

Tasmania	Y/N?	Comment
<b>Registration</b>	Yes	There is a data reporting requirement (from the booking platforms) which is similar to a registration scheme.
<b>Land use planning</b>	Yes	Hosted STR does not require a planning permit (development approval) if it meets the 'home sharing' requirements. Other STR including un-hosted STR requires a planning permit unless it meets the requirements of Planning Directive 6 (see below).
<b>Night caps</b>	No	
<b>Financial levers</b>	No	There are no STR-specific State levers but the State has created a new rating code so councils can apply a differential rate for STR if they choose to. Land tax does apply to un-hosted STR properties.

The Tasmanian Short Stay Accommodation Act 2019 (SSA Act) came into effect on 4 June 2019. The legislation put in place what is effectively a registration system although it is described as an information gathering requirement.

The SSA Act introduced measures for the collection of information on STR accommodation in Tasmania to:

- Provide greater support for local councils in enforcing the existing planning requirements for STR; and
- Allow a better understanding of the impacts of the broader housing markets.

The Act applies to all hosted and un-hosted STR that is made available through booking platforms such as AirBnB, Home Away (previously Stayz) and Booking.com if

the property is within certain land use planning zones – primarily residential zones. The zones are:

- General Residential Zone
- Inner Residential Zone
- Low Density Residential Zone
- Rural Living Zone
- Environmental Living Zone
- Village Zone
- Activity Area 1.0 Inner City Residential (Wapping)

There is an obligation on the STR provider to supply their planning permit number to the booking platform, *or* to confirm that they don't require a planning permit. They must also provide the address and the number of bedrooms that will be used for STR and whether the whole or part of the property is used for STR.

The obligation on the booking platform provider is that they collect and display the information on the STR listing, and provide data to the Director of Building Control.

The data for each quarter is made publicly available, and can be found at [Short and medium term visitor accommodation \(cbos.tas.gov.au\)](https://cbos.tas.gov.au).

There are specific planning rules for operating STR in houses in Tasmania. In the Tasmania Planning Scheme, STR is called visitor accommodation. A planning permit is not required if it meets the 'home-sharing' exemption. This applies if the dwelling is used by the host (as owner or occupier) as their primary place of residence and:

- the dwelling is only let to visitors while the host is on vacation, or are temporarily absent, or
- no more than four bedrooms are let while the host is living there (e.g. hosted).

You do not require a planning permit (development approval) if the STR use meets the requirements of Planning Directive No. 6 which can be summarised as:

- Located within residential zones (listed in Directive No. 6 – reflects the legislation)
- Not located in Battery Point Heritage Precinct
- Guests are accommodated within existing buildings
- The use occupies no more than 200m<sup>2</sup> per lot
- It is not part of a strata scheme arrangement

For all other instances, a planning permit is required from the local council.

In 2019, following the introduction of the Short Stay Accommodation Act 2019, the Office of the Valuer-General (OVG) reviewed the Land Use Codes applied to these types of properties and created a new Valuation Property Classification Code (R7 - Short Stay Visitor Accommodation). Prior to this there was no Land Use Code for vacation rental/short stay (STR) visitor accommodation, meaning differential rating could not occur on these types of properties, unless they were considered under a Commercial Land Use Code.

This change allows councils to charge different rates for short stay (STR) or vacation rental properties provided they are classified as Code R7 - Short Stay Visitor Accommodation. For councils to apply a different rate they must inform the Valuer-General of that there has been a change of use so the properties can be reclassified as Code R7.

#### 4.6.2 LGA: Hobart

##### *Nipaluna*

Hobart City is the capital city municipality, in the southeast of Tasmania. In March 2023 there were 819 STRs in the municipality (REIA, September 2023). For the period October to December 2023 there were 749 individual STR properties reported through the State-wide reporting scheme Policy context (Tasmanian Government, 2024).

A summary of STR regulatory response in Hobart is set out in the table below.

Hobart	Y/N?	Comment
<b>Registration</b>	Yes	There is a State-wide data reporting requirement which is similar to a registration scheme.
<b>Land use planning</b>	Yes	Hosted STR does not require a planning permit (development approval) if it meets the 'home sharing' requirements. Other STR including un-hosted STR requires a planning permit unless it meets the requirements of Planning Directive 6 (see above).
<b>Night caps</b>	No	
<b>Financial levers</b>	Yes	Hobart applies a differential rate to short stay visitor accommodation (essentially un-hosted STR). Council determines the rating category based on whether a planning permit has been issued for visitor accommodation.

The State-wide requirements for data reporting (similar to registration) apply in Hobart City.

A planning permit (development approval) is required for un-hosted STR unless it meets certain requirements (see Planning Directive 6 above). Hosted STR is exempt from requiring a planning permit if it meets the 'home sharing' exemption.

Hobart Council has considered night caps as a regulatory response to STR and also considered bans to new un-hosted STR but this approach has not progressed.

Hobart Council has introduced a differential (higher) rate for properties used as residential short stay visitor accommodation. The objective is to retain housing stock and ensure contribution to Council services from owners of residential land used for commercial accommodation.

For the purpose of applying the differential rate Short stay visitor accommodation refers to whole properties that are let out to paying guests for overnight accommodation (the equivalent of un-hosted STR) and are not a person's principal place of residence. Council uses presence of a planning permit for visitor accommodation to apply the relevant land code (R7) to properties.

For the 2024/25 financial year, the differential rate for residential short stay visitor accommodation is 0.4428 cents in the dollar, compared with 0.2214 cents in the dollar for residential properties, and 0.6104 cents in the dollar for commercial properties.

**4.6.2.1 Qualitative summary**

Source:

- 1x interview Hobart City Council planning department officers
- 1x interview STR property management business, 50 properties in broader Hobart and the Peninsula (18-20 in Hobart City), mix of apartments and houses.

Cost of living pressures and residential tenancy laws are encouraging some STR. Both interviews noted a growing trend of properties shifting from long-term rental (LTR) to STRs, driven by increased cost of living and perceived financial benefits. The STR business also cited dissatisfaction with strengthened tenancy regulations - such as mandatory allowances for pets and moratoriums on evictions - as another reason. The STR business said property owners feel unfairly targeted by negative rhetoric in recent election and housing policy debates. Council also observed that while most STRs were secondary dwellings or investor-owned properties, more primary

residences were being used on a part-time or seasonal basis. The STR business noted some owners were travelling, or working away, and STR gave them the flexibility to return when they wanted and leave their furniture and belongings in place.

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“There are signs of more primary homes being listed, especially seasonally... there’s definitely a small but growing number doing that - usually as a way to cover costs during holidays or other times when the home isn’t in use.” - Council officer

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Expectations of STR profits are often higher than reality due to increased supply. The STR business reported recent change in the STR market saying profits were generally below what people expect at around 20-30% higher than LTR. It attributed this to cost of living impacting traveller demand and an increase in STR supply, so owners needed to work harder on STR presentation and dynamic pricing to secure bookings. It also noted increased operational costs, in part due to regulation.

STRs play important role in the local tourism economy. Tourism is a major part of the economy, and Council officers reported continual increases in visitor numbers in airport data. They noted that visitor accommodation is fairly expensive (including STR) and strategic planning work had identified the need for more supply. However, due to housing pressure the preference is to achieve this supply through medium density accommodation on existing underutilised sites, rather than ‘spread out’ whole-house STR. The STR business reinforced the different type of accommodation that STRs offer which better meet evolving visitor preferences, including tourists, families and intrastate visitors (like during state sporting competitions). It said STR facilitates greater expenditure with local businesses, supports community and major events, provides direct employment, and employs local service providers (cleaners, trades etc).

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"All of a sudden, you're really competing a lot more with the hotels, because what hotels can't do is give you a whole suite. Well, generally they can't. They can't give you a whole house, and with parking and your kitchen, and all that stuff." - Hobart Short Stays, STR property management business

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Slight adjustments evident, but housing affordability and availability issues are significant. Council officers cited Hobart’s status at “the second most unaffordable city

to live in based on income, only second to Sydney". They explained that property prices inflated significantly during COVID, in part due to large numbers of 'mainlanders' on higher wages relocating, and have remained high despite slight population decline as people have returned. They cited the 'gentrification' of specific suburbs, such as North Hobart, now unaffordable for lower-income residents. Key workers, like hospitality and hospital staff, were being impacted, exacerbated by poor public transport after hours. The STR business observed a cooling of the sales market and described a "freeing up" of the rental market with increased vacancies and lower prices compared to previous years, and suggested this may be driving owners to shift to STR. Council officers also cited latest data that showed the rental market is slightly stabilising, but stressed that rental vacancy rates were still very low, and affordability a persistent challenge in the context of Tasmania's generally lower wages.

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"Rental prices are down a lot, and I think that's what's caused some people to move towards a short stay market." – Hobart Short Stays, STR property management business

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STR seen as playing a small but contributing role to current housing challenges. Council officers expressed a clear view that STR was having some impact on housing affordability and availability, particularly due to its high concentration in some areas, citing research by Dr. Peter Phipps for ShelterTAS that many STRs would otherwise be used for LTR (Phibbs & Ely, 2022) "we're still seeing applications for visitor accommodation in what would traditionally have been affordable rental properties", one officer said. The STR business acknowledged there may be some relationship, but saw it as minor compared to other factors. Council also discussed a range of other challenges impacting the issue, notably the predominance of 3-bedroom homes and lack of smaller, more diverse and affordable options (in context of low wages). They also said that development has slowed due to increased land prices and Tasmania's higher construction costs, and the need for infrastructure investment and upgrades to support it.

Loss of 'community-fabric' a major driver of angst around STR. Amenity impacts are less of an issue in Hobart due to the type of visitors it attracts, but Council officers reported that residents are extremely concerned about a lost sense of community.

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"Community is first and foremost in most Hobartians' minds, and feeling a sense of community and knowing your neighbours... that's become a big, stark issue for us." – Council officer

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Implementation of regulation is causing challenges and confusion, and not having a significant impact on STR numbers. The STR business said the application of the planning regulations and permit process for STR was unclear and inconsistent across different councils. Confusion about when 'existing use rights' apply was anticipated to lead to unintentional non-compliance. This aligned with feedback from Council officers about an influx of enquiries about existing use rights when the regulations came in, but they do not do any proactive compliance checks. The STR business also said the implementation of the increased Council rates - applied to all properties with STR permits - was putting a big impost on owners to prove if they were not actually operating. It believed the rate increase was too high, political (not data driven) and would be passed onto tourists, reducing spending in the local economy. Council officers reported anecdotal evidence of "some properties converting back to long-term rentals... as a result of those rates changes" but observed that new applications are still being made. None of the regulations had impacted the decisions of the STR businesses property owners to operate STR.

Attempts to increase regulation are complex and have had unintended consequences. Council officers said Council's intent to prohibit new STRs through planning scheme changes was difficult, partly because the State Government may not appreciate the City's unique circumstances, but it was continuing to pursue this outcome. They noted the idea had actually led to a "massive influx" of STR planning permit applications as owners sought to secure approval 'just in case' before any rule changes. As such, the Council was now deciding all STR applications itself in chambers. It was acknowledged that prohibiting supply could create a commercial advantage for those with permission, until such point they ceased operating.

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"A lot of people actually went and got a permit, even though they didn't plan on using it because they saw the writing on the wall with the rhetoric" – Hobart Short Stays, STR property management business

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STR and housing is a divisive issue for Council and the community. Participants each described a polarisation of views about STR and housing more broadly, leading to

tension and division. Hobart City was reported by officers as having a high proportion of owner occupiers for a capital city (many without mortgages), with some Councillors focussed on landlord rights (in terms of tenancy reforms), while at the same time receiving pressure about housing affordability and a loss of sense of community. The STR business felt that political rhetoric, and the regulatory focus on STR, had exacerbated community division.

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"Probably the only effect the permits had was that a lot of... pretty hardcore people were harassing owners that were applying for permits and stuff like that." – Hobart Short Stays, STR property management business.

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### 4.6.3 LGA: Launceston

Launceston City Council is located in the north of Tasmania with an estimated population of 71,788 in 2023. In March 2023 there were 365 STR properties in Launceston (REIA, September 2023). For the period October to December 2023 there were 1,548 individual STR properties reported through the State-wide reporting scheme Policy context (Tasmanian Government, 2024).

#### 4.6.3.1 Policy context

Summary of STR regulatory response in Launceston:

Launceston	Y/N?	Comment
Registration	Yes	There is a State-wide data reporting requirement which is similar to a registration scheme.
Land use planning	Yes	Hosted STR does not require a planning permit (development approval) if it meets the 'home sharing' requirements. Other STR including un-hosted STR requires a planning permit unless it meets the requirements of Planning Directive 6 (see above).
Night caps	No	
Financial levers	No	

In 2023 Launceston Council considered a report on the impacts of short stay accommodation. The report, *Review of the impacts of short stay accommodation on the rental market in the City of Launceston*, noted that it was difficult to determine the impact that short stay accommodation on the city's rental market ... as there are a

number of influencing factors. The report included recommendations to investigate the introduction of differential rating for STR (City of Launceston, 2023).

The State-wide requirements for data reporting (similar to registration) apply in Launceston City.

A planning permit (development approval) is required for un-hosted STR unless it meets certain requirements (see Planning Directive 6 above). Hosted STR is exempt from requiring a planning permit if it meets the 'home sharing' exemption.

Launceston does not have night caps in place.

Launceston Council has not introduced a differential rate for Short stay visitor accommodation (R7).

**4.6.3.2 Qualitative summary**

<p>Source:</p> <ul style="list-style-type: none"><li>• 1x interview Launceston City Council innovation and economic development department officers</li><li>• Review of impacts of short stay accommodation on the rental market in the City of Launceston, (City of Launceston, 2023) (referred to many times during the interview with Council officers)</li><li>• 1x interview STR property management business, 153 properties (142 in Tasmania, 100 in Launceston and surrounds), mostly standard properties.</li></ul>
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Owners are using STR for a mix of investment and lifestyle purposes. Around half the STR business' property owners used the property themselves for lifestyle purposes, and the other half were primarily investments. Most, it said, were "just normal, average, everyday human beings doing their best to pay off a property so that their kids have something". In terms of returns, the STR business noted that average daily rates had dropped 20-30% over the last 12-18 months as supply increased, but profits were on average 20% higher than LTR, due to Launceston's strong tourism market. It said operators had to work harder to maintain occupancy rates.

STR contributes significantly to the local economy and delivers social benefits. Council officers described Launceston as the "hub" for tourism in northern Tasmania, the centre for boat arrivals from Davenport, popular trekking locations, events like Dark Mofo and plans for a new AFL stadium. Council's 2023 review found that "the short stay accommodation sector contributes some \$12.9m to the local tourism industry, which in 2021 was valued at \$324.2m" (City of Launceston, 2023) page 13), and

supplements commercial accommodation during the peak season. The STR business said that STR provides a different product, and guests stay longer and spend more in the local economy than hotel guests. One benefit strongly emphasised by the STR business was the employment and income generation opportunities that STR provides, particularly the safe and flexible conditions for mothers and neurodivergent people (like most of its 40+ staff and contractors). It also described a range of social benefits including: providing accommodation for temporary health and construction workers providing services to the community (accounting for 30% of its business); providing temporary housing during social/public housing renewal; and providing respite and charity accommodation for people with disabilities or cancer.

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"I would like to put that forward that we, working mothers [have] the opportunity to make money on a side hustle, the opportunity to have your own little business in your home. There's so many benefits." - Moxxi Property, STR property management business

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Cost of living pressures and residential tenancy laws are encouraging some STR. The STR business described the STR market as a "disaster" during COVID lockdowns, followed by a "boom" when interstate travel opened. It observed that the combination of cost of living pressures and restrictive residential tenancy laws were encouraging more owners to choose STR, to improve financial returns and ensure better property care and upkeep. It also noted an increase in people using STR from time to time to supplement their income.

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"A lot of our owners are coming to us because they are getting so many headaches from the (LTR) tenants and they don't want to deal with the tenants anymore... if you have a jerk of a guest, they're gone in 3 days, whereas a tenant will take you to tenancy court and fight and fight and fight." – Moxxi Property, STR property management business

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The housing market is showing signs of re-adjustment but impacts of COVID-related inflation persist. Council's 2023 review cited a 4.5% increase in the City of Launceston's population between 2020-2022 and that, according to REIT figures, its rental vacancy rate had "plummeted to just 0.8 per cent in the June 2022 quarter" (City of Launceston, 2023) page 12). Council officers said rental availability had since

increased to around 1%, but was still very tight. The STR business attributed large increases in purchase and rental prices to mainland migration during COVID, and noted that properties are now sitting on the market longer, with prices starting to fall. It highlighted a disparity in Launceston, with a lower socioeconomic group seeking rentals under \$350 per week and a higher socioeconomic group owning homes due to pre-COVID affordability. With a lack of middle-to-high-range renters, it said, landlords that bought during COVID and unable to cover rising mortgage costs are increasingly turning to STRs. It reported 10 cases in the previous six months where “properties come to us that have been sitting on the rental market for a long time, that can't get good quality tenants.”

STR is not seen as a contributor to local housing affordability and availability issues. Council instigated its own review in August 2022 following increased community concern about affordable rentals and the role of STRs. It found STR was not a major driver of housing stress locally (though officers noted that figures had not since been reviewed). It found that entire-dwelling STRs accounted for less than 1% of all dwellings and around 3.1% of all rented dwellings, and that “the rental market has grown fast enough to offset any that are converting to short stay accommodation” (City of Launceston, 2023) page 14). Council officers pointed to other contributing factors: increased demand outpacing supply (COVID migration and a new university); declining household sizes; and many vacant houses. The STR business felt that the STR industry was easy to blame, but argued many of its properties would never enter the LTR market because the owners use them for personal purposes. It identified the surge in property prices during COVID and rising interest rates as the primary issues. Council officers said that since the review the focus on STR from Council and the community had died down.

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“they really want us to work on the housing market side, long-term housing... But after that report coming in, they've started to see those things as separate - short-term not being a threat for long-term... I wouldn't say completely, but to a large extent” – Council officer

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Data gaps and accuracy remain a challenge under the current regulatory approach. The STR business said the current regulations had little impact on owners' decisions to operate STRs, though planning permit costs could deter some. However, all participants highlighted limitations with the data collected. The STR business highlighted that data reporting requirements only apply to the major platforms (not

private ones which many operators had). The Council officers said the register data required significant cleaning to avoid duplications, and noted a 10-15% gap when compared to its own research using (cleaned) scraped data. They emphasised challenges with inconsistent and inaccurate platform data, particularly regarding property locations. Council's 2023 review recommended it lobby the state government for more transparent data, saying it "must be easier to track the number of long-term rentals that transition to short stay accommodations" (City of Launceston, 2023) page 18).

Balanced regulation is a key focus. Participants emphasised the need to balance any STR regulation with the needs of the local tourism economy. The STR business sees the sector as a valid disruptor offering a distinct service that should be supported. Council's 2023 review recommended investigating higher rates for STR providers to achieve equity with commercial accommodation (which pays higher rates to cover increased service levels), and to potentially deter STR proliferation. However, nothing has progressed. The STR business strongly opposed, saying it fails to recognise the different type of service and associated costs for STR providers - particularly through tax and award wage settings - and would disproportionately impact average 'mum and dad' operators and the local economy. It warned that over-regulation in general could lead to operators avoiding large booking platforms, operating 'under the radar', or a rise in mid-term, 3-6 month, LTRs.

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"There are so many benefits to running a hotel...you're on a cheaper award, so you have to pay to staff less, you have one building with a bunch of rooms that have exactly the same stock in it... We make 800 beds and they're all different... it's a total, different industry. We serve a different target market. We deliver a different product." -  
Moxxi Property, STR property management business

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# 4.7 Victoria

In Victoria in March 2023, 29,638 entire dwelling STR were available, of which 15,314 (51.7%) were in Melbourne and 14,324 (48.3%) were in Regional Victoria (REIA, September 2023).

## 4.7.1 Policy context

A summary of STR regulatory response in Victoria is set out in the table below.

Victoria	Y/N?	Comment
Registration	No	
Land use planning	No	
Night caps	No	
Financial levers	Yes	A 7.5% levy for all hosted and un-hosted STR properties that are not a principal place of residence will come into effect on 1 January 2025.

Victoria does not have an STR registration scheme, or specific land use planning policy relating to STR. It does not have a cap on the number of nights a property can be used for STR.

[Victoria’s Housing Statement 2024-2034](#) included an action to introduce a short stay levy. Legislation to bring the levy into effect was passed on 17 October 2024. The revenue raised will be used to build and maintain social and affordable housing across the state, through the state government’s Homes Victoria, with 25% invested in regional Victoria.

The levy will be 7.5% of total booking fees, including all charges such as cleaning and GST (where applicable). It will apply to paid stays, less than 28 consecutive days, on or after 1 January 2025.

For bookings through a booking platform, the platform pays the levy, and for direct bookings, the owner/provider pays the levy.

The levy does not apply to:

- a property that is someone’s principal place of residence, whether they own or rent that property
- commercial residential premises, such as a hotel, motel, hostel or similar accommodation

- certain specialist accommodation, such as rooming houses, retirement villages and student accommodation provided in connection with an educational institution.

For total annual booking fees of \$75,000 or less, an annual return will be required, and if above \$75,000, quarterly returns will be required.

The Victorian Government expects to raise around \$60 million per year.

There is no requirement to register individual properties, but people who own or manage properties will need to become a “registered short stay levy payer” to lodge returns and pay the levy.

Over the past 6 months councils have been working through questions on whether they could still have local responses (e.g. registration and fees) to STR in addition to the State government’s levy. The position is that they can have local responses in addition to the State-wide levy.

The legislation to introduce the levy also made a change to the Owners Corporations Act 2006 to clarify that an owners’ corporation can make rules to prohibit the use of lots as STR but not if it’s the occupiers principal place of residence.

There are other state taxation settings which may also impact a person’s decision about STR (or other) property uses. An overview of the Vacant Residential Land Tax (and changes from 1 January 2025) is provided below.

The Victorian Government introduced a Vacant Residential Land Tax (VRLT) from 1 January 2018 to help address the lack of housing supply in metropolitan Melbourne. VRLT may apply to residential land that is vacant for more than six months in the preceding calendar year and is in one of 16 specific council areas – inner and middle Melbourne suburbs. The six months do not need to be continuous.

Residential land includes:

- land with a home on it
- land with a home which is being renovated or where a former home has been demolished and a new home is being constructed
- land with a home on it that has been uninhabitable for 2 years or more.

From 1 January 2025, VRLT will be extended to residential land across *all of Victoria*. A new progressive rate of VRLT will also apply, so the longer the property is vacant the higher the rate charged (1% of the Capital Improved Value in the first year, 2% in the second, and 3% in the third).

Holiday homes are exempt from VRLT if they are used by the owner for at least 4 weeks in a year. This exemption does not apply to properties being used exclusively for STR.

The changes to land tax may encourage people to put their STR property into LTR, or they may simply be sure to stay in it for at least 4 weeks a year.

**4.7.2 LGA: Bass Coast**

*Bunurong people*

Bass Coast Shire is a regional municipality a couple hours south-east of Melbourne. In March 2023 there were 1,982 STR in the municipality (REIA, September 2023).

**4.7.2.1 Policy context**

The table below provides a summary of STR regulatory response in Bass Coast.

Bass Coast	Y/N?	Comment
Registration	Yes	For all hosted and un-hosted STR. Managed through a Local Law.
Land use planning	No	
Night caps	No	
Financial levers	Yes	A State-wide 7.5% levy for STR properties that are not a principal place of residence will come into effect on 1 January 2025.

On 11 September 2023 the Short Stay Rental Accommodation Local Law came into effect in Bass Coast, and applies to hosted and un-hosted STR.

The purpose of the Local Law is to:

- Regulate the control and use of STR
- Ensure an appropriate standard of management
- Minimise the risk of STR affecting the peace of neighbours
- Implement a registration and renewal requirement, including a ‘maximum stay’ duration for customers
- Ensure that any waste is managed to protect the environment.

All hosted and un-hosted STR must be registered. The fee for registration is \$300 per year. The key requirements of the registration include:

- Appointing a dedicated contact person who can respond within two hours (at any time day or night)
- Standards around the number of occupants and vehicles, and noise and waste (bins)
- A waste management plan to be submitted with the registration (council provides templates)
- Providing immediate neighbours with the dedicated contact person's details (not required for hosted STR)

On receipt of an application for registration, council planning and building officers will check compliance with the planning scheme and building code. There are not specific STR planning regulations but there are standard regulations relating to dwellings and parking, and building code requirements.

Bass Coast does not have STR night caps in place.

The 7.5% State government levy will apply to hosted and un-hosted STR in Bass Coast.

#### 4.7.2.2 Qualitative summary

Source:

- 1x interview Bass Coast Shire Council planning department officer (held prior to October LG election)
- 1x interview (via email) STR property management business, 100 properties in Phillip Island and San Remo (standard and premium)
- 1x interview STR property management business, 130 properties (approx. 40 in Phillip Island), mainly 4-bed houses

These interviews were undertaken before the Victorian Government released its legislation for the levy. As such, detailed feedback about its application and implementation was not possible.

The STR market remains strong but has not returned to its pre-COVID peak. According to the Council officer, there are approximately 1,500 STRs currently operating in Bass Coast. Both STR businesses reported a noticeable drop in nightly rates compared to pre-COVID levels. They noted that guests are now booking closer to their travel dates, seeking better deals, and expecting higher quality properties. They attributed this to the increased cost of living and the reopening of overseas travel markets. Despite these changes, STRs continue to deliver significant financial

returns for property owners, with one STR business saying good-quality properties are still earning approximately double the profits of long-term rentals (LTRs).

Most owners engage in STR for lifestyle purposes, though financial returns are a key motivator for some. Both STR businesses reported the majority of their STR owners currently use their properties or plan to in the future (both estimated over 75%). However, a smaller investor cohort was evident, accounting for around 18% (or 25) of the properties managed by the two interviewed businesses. These investors are primarily motivated by the higher income potential, reduced wear and tear, and flexibility to switch usage as needed. The Council officer also acknowledged concerns around property care, suggesting that strengthening local residential property management services may improve owner confidence to return to LTR. Both STR businesses noted that shifts between STR and long-term rentals (LTR) were rare; properties are more likely to be sold reflecting the owner's personal drivers, and while the Council officer observed some recent movement of properties back to the LTR market more broadly, this was limited.

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We've had some conversations with owners about this and they are indicating, "Well, this is my holiday home, so I don't want a long-term tenant in there. I've worked hard to get this, and the extra income that I can get from short term helps pay the rates and bills, so I won't be going down the long-term path, because then it excludes me from using it at all, so I may as well just not have it". – STR property management business

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STR is a critical part of the region's tourism economy. Phillip Island was reported by one STR business as Victoria's most visited destination, which attracts millions of visitors annually. All participants cited STR's integral role in leveraging holiday house stock to benefit the tourism economy, particularly during the peak season (October to February), which according to one STR business, is the reason local businesses survive quieter months. It was also noted that STR was being used to help cover rising costs of living, with many locals renting their homes out for significant income during the Grand Prix. As the Council officer observed, "there's no way known you'd have enough accommodation to absorb that event, and so it is reliant on the holiday homes and the short stay market." However, the STR businesses highlighted its value wasn't just extra supply, but that STR offers a different type of accommodation stock, which attracts a different type of tourist, like families and groups, for longer stays.

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“Due to the long distance to Melbourne, not many people make the commute, unless they are able to combine working from home as well. The impact from STR, is the reason that small business here are able to survive, if there was no tourism there would be no option for them to stay afloat.” - Phillip Island Host Property Management, STR property management business

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Housing affordability and availability are impacting key workers and homelessness. The council officer reported a very tight housing market, but noted some signs of easing, with more properties for sale or lease, potentially influenced by upcoming land tax changes and cost-of-living pressures. This, combined with a lack of childcare, was severely affecting key workers, particularly at the hospital, which now rents about 20 properties to house staff. Homelessness has also become increasingly visible in the last five years and is a key concern for the Council, which takes pride in its strong sense of community. This has driven Council to develop an Affordable Housing Strategy, and work hard to challenge local fears and resistance to implement it. The officer also outlines a range of other initiatives including partnerships with housing associations, maintaining a pipeline of land supply in growth areas, auditing and releasing small council-owned land parcels for Affordable Housing, and establishing a homelessness think tank.

STR is seen to have a direct impact housing *availability*, but the effect on affordability is less clear. The council officer reported a 46% vacancy rate in Bass Coast at the last census and in this context, highlighted that limited availability of existing housing stock for permanent residents is a key issue, rather than an overall supply shortage. They observed an increase in Melbourne-based investors buying properties during COVID, initially to relocate but later using them as STRs or investments, as well as some locals operating 3–4 properties as STR businesses. Both STR businesses acknowledged a relationship between STRs and housing availability but argued affordability is driven more by rising interest rates and cost-of-living pressures, saying LTR prices would remain high as owners try to cover costs. One STR business noted that STR properties are typically holiday homes that would otherwise remain vacant, meaning STRs do not compete with LTRs and instead make better use of these properties to support the local economy.

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“You probably don't have a supply issue in Bass Coast, you have an availability issue. We have something like 46% of our dwellings are unoccupied - so they're either holiday homes or they're short-term accommodation.” – Council officer

“If there was no option for STR, there would be more Long Term Rentals, but I do not think that the price would be impacted, as the costs for owners is still too high to pay their mortgages” Phillip Island Host Property Management, STR property management business

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Local regulation has overcome initial resistance and had a positive impact on amenity. Council's regulatory approach was initially driven by community concerns over party houses, noise, and waste. Mixed feedback was received from the STR businesses about the local regulations. One was fully supportive, citing its effectiveness in removing rogue operators and the fee as reasonable. The other said property owners were confused about its purpose and saw it as a "cash grab" since they already pay rates and didn't derive any benefit from it. The council officer noted similar feedback, especially when the state government levy was announced, with many owners claiming they couldn't afford the fee but countered, “if you can afford to have a second property, you can probably afford \$300.” Despite initial resistance, the officer said the regulation has now been largely accepted, and they've worked to tighten and streamline the registration process. They reported a significant decrease in amenity complaints (partially attributed to the regulation).

Proactive compliance and enforcement are resource intensive but essential. Around 1,200 STRs are currently on the register but around 1,500 are operating, which the council officer said is below what many expected. They said this is partly because of the challenge differentiating between holiday homes let to family and friends and pure STRs, noting they chop and change, “it's a bit of an enigma trying to get a handle on what is purely short term”. To address this, council matches scraped data with the register to identify unregistered properties, though data limitations and duplications add complexity and time. In addition, though planning approval is not required, Council's process includes compliance checks before registration, particularly for older properties with spas and pools. This has also required more resourcing than anticipated, but is viewed as essential to ensuring compliance and improving outcomes.

There is a fear that the State government levy will impact local businesses, with 'workarounds' predicted. Both STR businesses expressed concern about the levy's

impact on tourism, one describing it as a “noose” for STRs and small businesses in Victoria. They said the rate was too high and would disadvantage Victoria and drive tourists to cheaper destinations. As most of their properties were primarily holiday homes, they said the levy is unlikely to affect their owners’ decisions to operate STR, but would impact local businesses and STR sector employees and contractors the most. Conversely the council officer suggested that the area’s strong tourism market means visitors will likely absorb the cost, with minimal impact locally. They anticipated that the cumulative pressures of land tax changes, cost of living, registration fees, and the levy might push some owners to LTR or sell, but predicted many would seek workarounds, such as owners claiming properties as their primary residence or avoiding booking platforms to evade the levy.

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“This will only hurt business owners, and bring down tourism as a whole in the state... and will result in a net loss for the government with less spending from tourists, less tax collected from businesses that are already struggling in this period.” – Phillip Island Host Property Management, STR property management business

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Lack of consultation leaves questions and concerns about levy implementation. The council officer expressed disappointment at the state government’s lack of consultation on the levy and reported having to proactively lobby to retain their local law, emphasising its focus on amenity issues, distinct from the levy’s focus on housing supply. The officer also pointed out disparity with the benefits of the levy, believing it should be reinvested in the community where it is collected.

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“Most of the money collected by the State Government levy will be spent in Melbourne, not where it is being collected. Whereas the majority of the holiday homes are in the regional areas” – Council officer

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### 4.7.3 LGA: Melbourne

*Narrm*

Melbourne City is the capital city municipality of Victoria. In March 2023 there were 3,677 STRs in the Melbourne municipality (REIA, September 2023).

#### 4.7.3.1 Policy context

The table below sets out a summary of STR regulatory response in the City of Melbourne.

Melbourne	Y/N?	Comment
Registration	No	
Land use planning	No	
Night caps	No	
Financial levers	Yes	A State-wide 7.5% levy for STR properties that are not a principal place of residence will come into effect on 1 January 2025. .

The City of Melbourne does not have a registration scheme, STR-specific land use planning requirements or a cap on the number of nights a property can be used for STR. However, Council has been considering these options.

In August 2023 Melbourne City Council received an officer report on short-term rental accommodation (Melbourne City Council, 29 August 2023). The report set out options for responding to STR and sought a policy position from Council and approval to progress work to track and regulate the STR industry. Council endorsed the development and implementation of a short-term rental accommodation (STR) local law, following consultation with the community and key stakeholders, including STR operators and the tourism sector. The features of a new local law were to be determined through community consultation. Options under consideration include:

- A registration fee for all STR properties, payable annually.
- A cap on the number of days that a STR property can be rented (the report did specify that would only apply to un-hosted properties).

Melbourne City Council had agreed in-principle to new regulations on STR, with a preference for a 180-night cap. However, this was put on hold until Council understood more about the new State-wide levy, announced soon after Council’s decision. It is now unlikely to proceed.

The 7.5% State government levy will apply to hosted and un-hosted STR in the City of Melbourne.

### 4.7.3.2 Qualitative summary

Source:

- 1x interview City of Melbourne housing unit officer (held prior to October LG election)
- Short-Term Rental Accommodation Overview Current state of housing in Melbourne (City of Melbourne, 2023) (referred to many times during the interview with the Council officer)
- 3x interviews STR property management business:
  - 1x 250 properties across Melbourne metropolitan area (city and suburbs), standard properties
  - 1x 150 properties (50 in Melbourne metro)
  - 1x 130 properties (approx. 26 in Melbourne metro), mainly 2-bed apartments

These interviews were undertaken before the Victorian Government released its legislation for the levy. As such, detailed feedback about its application and implementation was not possible.

The STR market has recovered and is settling following COVID impacts. Using scraped data, Council estimates around 10,000 STRs operate in the municipality. The STR businesses observed that the market is 'settling' after a post-pandemic boom, with nightly rates decreasing as supply and demand rebalance.

One reported that, across Greater Melbourne, there has been a shift in property ownership from international investors to predominantly domestic investors following COVID (though some international investors remain in high-density areas like Southbank, Melbourne, and Box Hill), and several observed that demand for STR has increased in the inner and middle metropolitan suburbs, where domestic investors are more active.

Lack of accurate data makes it difficult to understand the city's STR profile and impact. Council's research undertaken in 2023 estimated that of the 10,000 STRs in the city, around 4,100 were un-hosted and available approximately 60% of the week. It showed that most STRs are concentrated in the CBD, Docklands and Southbank, and that the majority of STR owners are single-property owners, dispelling concerns about monopolisation in the sector. However, it was highlighted that the available scraped data lacked sufficient detail to understand exact locations and how STRs

were also being used by owners – a key insight into its impact on permanent housing supply.

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“Sometimes it's a bedroom, sometimes it's a weekend stay, and we get a resident during the week. So the lack of granular information about how the stock presents to the market is a real challenge” –  
Council officer

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Investors are prevalent in the city STR market, but there is a rising trend of people using their own residence as STR to supplement their income. The STR businesses reported that investors dominate Melbourne’s STR market, with 50-70% of their property owners’ investment-only, higher than their coastal portfolios. Key reasons cited for choosing STR over LTR include better financial returns, greater control of properties and tenants, less wear and tear, and flexibility for occasional personal use (even if not actually used). The STR businesses reported a growing trend of homeowners listing their personal residence, either while away or relocating when booked, and expect this to increase as the levy comes into effect and in response to cost of living pressures.

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"Around 10% of our owners - so about 25 homes - are personal residences that are listed while the owners are away. It's something we expect to increase as people look for ways to cover costs or make some extra income." – STR property management business

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STR margins and income irregularity are falling short of owner expectations, prompting some change. STR profits in Melbourne are outperforming LTR, but only slightly said the STR businesses due to higher associated costs, lower occupancy and night rates, and rising LTR rates. They said this falls short of many new clients’ expectations, who “think they’ll double what they’d make with a long-term rental, but the reality now is far from that - maybe a small increase, but certainly not double.” The STR businesses reported shifts in the market; one said that half of its new clients this year (around 40) switched from LTR to STR, while 20 returned to LTR, and another 50–60 sold. The two other businesses observed a smaller, but notable trend of Melbourne owners switching from STR to LTR, seeking the stability and regularity of long-term rental income, and in the face of rising STR operating costs.

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"The rising long-term rental rates are definitely making some owners reconsider. They're looking at the numbers and wondering if it's worth the hassle of short-term rental." – STR property management business

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STR plays a critical and diverse role in the capital city market. STRs were seen by all to play a vital role in Melbourne's accommodation market by increasing diversity of stock to cater to needs that traditional options, such as hotels, cannot. The council officer highlighted their importance during major events like the Australian Open and Grand Prix, where they support the influx of visitors, but also events staff, participants, their families and teams. The income potential STRs provide for residents during these events was also highlighted. STRs role in supporting the education sector was also emphasised, offering flexible housing solutions for those doing short courses, single-semester visits and for international students, "we've noticed an increase in international students turning to short-term rentals because the university colleges are at capacity", said the council officer. Beyond tourism and education, individuals seeking medical treatment, those relocating for work, and insurance clients needing temporary housing were all seen to benefit directly from the STR stock in particular.

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"We need them for tourism, so it's not like this stock is just sitting there, because it's a really attractive opportunity for people who come to the city. So, we're in this tension point about the capital city role." – Council officer

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STR is supporting economic participation, especially for women. The STR businesses highlighted the flexible employment and associated businesses the industry supports such as cleaners and maintenance providers. One STR business cautioned that while STR is often blamed for housing issues, its broader economic contributions - particularly for women - are frequently overlooked. Among the STR businesses the sector was seen to provide roles that enable women to re-enter the workforce while balancing caring responsibilities, and noted the rise in people leveraging their own home for STR to earn supplementary income.

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"We've got a few owners, mainly retired females, who rent out their own homes. They move out when it's booked and use it as a way to earn a bit of extra money." – STR property management business

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Housing affordability is polarised and has worsened following COVID. The council officer noted that the CBD, North, and West Melbourne have more social, affordable, and low-cost housing options, while high costs dominate other neighbourhoods, creating a "missing middle"- a gap in mid-range housing options for middle-income renters. They said two-thirds of the city's population are renters, making affordability a key focus for Council. After a temporary dip in rental prices during COVID, rents have rebounded to pre-pandemic levels, with vacancy rates now extremely low. Combined with higher living costs and Melbourne's growth in demand for rentals, the officer said the city is significantly less affordable than before COVID.

STRs considered to have localised impact on housing availability in higher-density areas. The STR businesses did not see STR activity as a notable factor in housing issues more broadly, with one observing that STR numbers were higher pre-COVID, and today's housing crisis had worsened, in part because of rising living costs and interest rates. However, the business acknowledged that high-density STR areas like Southbank and the CBD were a likely exception. The council officer's feedback supported this view, citing Council's research which noted a potential link between higher STR activity and reduced affordability in these high-density areas. However, they said determining STR's precise impact, and an optimum proportion, was complex due to unknown owner usage patterns and balancing the diverse economic benefits STR provides. As a result, the research emphasised the need focus on increasing affordable housing supply. Council is implementing several initiatives, many driven by a deliberative people's panel, including a new advocacy plan (including regional and national), a community education plan, internal process and policy improvement, and leasing Council land for affordable housing using an open book model for others to learn from.

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"Being a capital city, there's always going to be a balance to strike between supporting tourism and ensuring housing availability. The complexity comes from understanding how STRs are being used - whether for genuine tourism or other purposes - and weighing that against the economic and community benefits they bring." – Council officer

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Amenity and community impacts of STR in Melbourne were evident. Council's research found that population density in certain areas, because of STR visitor turnover, has increased council's costs to manage waste and noise. It also identified relationship between increased proportions of STR and a diminished 'sense of community'. One STR business also acknowledged these impacts. Despite these findings, the officer noted that large numbers of community complaints were not the driver for its research, and that being a capital city, there was a higher level of resilience to these factors compared to neighbouring municipalities which were facing significant pressure from their communities.

The state levy is anticipated to impact inner-city STRs the most, and there is scepticism about its effectiveness. All STR businesses anticipate greater impacts on smaller apartment-style STRs in high-density areas like Melbourne's CBD. If passed on to guests, the levy is expected to make STR less competitive with hotels. Businesses predict the cumulative impact of the levy, decreased occupancy, lower night rates and shorter stays, will push many properties out of the STR market. The Council officer believed this may lead to increase in LTR. Conversely, suburban STR properties are expected to be less affected, with businesses predicting a flow on increase in demand for suburban STRs. They foresee more homeowners in these areas capitalising on the exemption for primary residences (PPRs) by listing them as STRs. Overall, the businesses expressed doubts about the levy's ability to improve housing affordability. One suggested that incentivising long-term rentals (LTRs), such as through reduced interest rates, would be more effective. Another questioned how the levy revenue would be used and urged greater transparency about its allocation.

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"they've come out and said we need that money for affordable housing, but what are the plans?... It's a huge chunk and unless they're going to show us a lot of productivity for that amount, it's just taking off more people" – STR property management business

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There was concern that allowing body corporates to ban STR could create pseudo-hotels. The STR businesses acknowledged that operating STR in apartment buildings could have impacts if not managed well, but did not agree that body corporates should be given the power to ban them. One business argued that this would unfairly penalise existing operators that follow good practices. Another cautioned that this could lead to a concentration of STRs in certain buildings, effectively re-creating hotel-style complexes, and buildings where there were none.

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“I just can't imagine a body corporate that says, yes, we love Airbnbs, we'll keep them... but if we're a good neighbour and we're not disturbing anyone, and we're supplying families with accommodation there should be no reason to shut us down.” – STR property management business

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State government regulation is seen as necessary and work is underway to influence optimal implementation. The council officer said that state regulation was needed to create consistency and overcome the differing challenges and preferences among inner metropolitan councils. They noted a lack of consultation by the state government to date leading to uncertainty about how the levy rate was determined and whether its primary intent was to raise revenue or disincentivise STRs, but anticipated further clarification would come. The officer saw the levy as an opportunity to address Council's critical data challenges, despite 'hosted' and primary residence (PPR) exemptions, as these types of STR don't impact permanent housing supply. Council's focus is now on working with the state government to understand its role in compliance, and associated resourcing implications, and how it can influence where the revenue is reinvested.

Council's proposed regulation is driven by housing supply and equity. The council officer explained that Council's review and research into STR was motivated by strategic objectives rather than community complaints. It wanted to understand the role of STRs in Melbourne as a capital city (to prepare it to respond to State regulations), explore equity concerns raised by the hotel industry regarding unregulated STRs, and assess the impact of STRs on housing supply. A 180-night cap and local register was being explored to gain better insights into the STR market and encourage some properties to shift to LTR, but determining the right cap was challenging. In terms of equity, the research found that STRs were most comparable to serviced apartments in the City of Melbourne, which operate under in-house rules and amenity considerations, so the officer said Council was exploring how similar provisions could be incorporated into its local law for consistency. However, this work has paused until the implementation of the levy is better understood.

There is uncertainty, confusion and concern about the interplay of state and local regulations. STR businesses all reported having to just 'wait and see' how the regulatory environment evolved, though were concerned about the potential impacts on their businesses. A particular issue was the potential impact of local regulations and their interplay with the state levy. One STR business expressed frustration with the layering and variability across different areas, describing it as “just two slaps for

us, really hard, just give us one to work with.” All businesses supported the concept of a register, particularly including safety compliance requirements, but opposed the implementation of a 180-night cap. One said caps contradicted the levy, and one said caps were ineffective because enforcement is difficult, citing the experience in Sydney where it said caps were largely being ignored. If enforced effectively, however, businesses anticipated a significant number of properties would likely shift to LTR or be sold, as they would no longer work as an investment. All STR businesses were considering how they can pivot or adapt their business to mitigate anticipated regulatory impacts on the Melbourne STR market.

**4.7.4 LGA: Mornington Peninsula**

*Monmar*

Mornington Peninsula Shire is a metropolitan municipality to the south of Melbourne. In March 2023 there were 4,347 STRs in the municipality (REIA, September 2023).

**4.7.4.1 Policy context**

The table below provides a summary of STR regulatory response in Mornington Peninsula Shire.

<b>Mornington Peninsula</b>	<b>Y/N?</b>	<b>Comment</b>
<b>Registration</b>	Yes	For all hosted and non-hosted STR. Managed through a Local Law. Includes a Code of Conduct.
<b>Land use planning</b>	No	
<b>Night caps</b>	No	
<b>Financial levers</b>	Yes	A State-wide 7.5% levy for STR properties that are not a principal place of residence will come into effect on 1 January 2025.

There is a STR registration scheme in Mornington Peninsula Shire. In May 2018 Council introduced the Short Stay Rental Accommodation Local Law, which was updated/amended in 2022, providing clear guidelines on the required standards for the operation of STR.

The Local Law places the responsibility to control the behaviour of the occupants of STRs on the owner. This is done by requiring the owner to:

- Register the property with Council
- Appoint a designated contact person to respond to neighbour complaints within two hours (and inform neighbours of this person’s details)

- Ensure occupants adhere to the Code of Conduct (including noise, off-street parking, time restrictions on use of outdoor areas)
- Provide adequate off-street parking and garbage bins
- Display the registration number on all online platforms that advertise the property.

All hosted and un-hosted STR must be registered. The fee for registration is \$335 per year.

There are no STR-specific planning provisions or STR night caps in Mornington Peninsula Shire.

The 7.5% State government levy will apply to hosted and un-hosted STR in the Mornington Peninsula Shire.

#### 4.7.4.2 Qualitative summary

Source:

- 1x interview (including via email) Mornington Peninsula Shire Council community safety and social planning department officers (held prior to October LG election)
- 3x interviews STR property management business:
  - 1x 150 properties (97 in Mornington Peninsula), standard and premium properties
  - 1x 130 properties (approx. 52 Mornington Peninsula), mainly 4-bedroom properties
  - 1x 250 properties across Melbourne metropolitan area (some on Mornington Peninsula), standard properties

These interviews were undertaken before the Victorian Government released its legislation for the levy. As such, detailed feedback about its application and implementation was not possible.

The STR market has cooled and is re-balancing after COVID. STR businesses reported an increase in supply of STR post-COVID and falling demand, with a decrease in occupancy (from 80% to 60%), lower nightly rates, and competition leading to demand for higher quality properties. They reported shorter booking windows and some properties being empty during winter for the first time. This was attributed to cost-of-living pressures, rising interest rates, a cooler summer, and the reopening of international travel. Council data reflects this trend, with registered STRs dropping

from 2,937 in 2020 to 2,132 in 2021, rebounding to 2,485 in 2022, and stabilising at 2,557 by August 2024. However, drawing on scraped data, Council officers estimate real STR numbers peaked at 6,000 and have declined to around 5,000 today. While STRs still outperform long-term rentals (LTRs), the STR businesses said the earnings gap has narrowed significantly (with exceptions depending on the property). Council reported some properties can earn up to \$100,000 per year on STR compared to around \$30,000 on LTR.

Homelessness and key worker housing are critical issues with significant increases in housing costs. Council officers reported higher annual increases in housing costs in the Shire over the five years ending in December 2023 compared to Greater Melbourne, citing census data around median house prices (7.5% increase p/a compared to 4.1%) and rents (6.9% p/a compared to 5.0%). The STR businesses observed signs of a flattening housing market. One said that financial stress among some owners who bought at market peaks was driving them to STR as they could not secure LTRs at rates they needed to cover mortgage costs. Council officers reported that the Shire now had the fourth-highest rate of rough sleeping in Victoria, and key workers, such as hospitality and tourism, were struggling to secure affordable housing. They cited one local business that had purchased a large dwelling to house its staff. Council is tackling this issue through a range of measures: developing a Draft Affordable Housing Contributions Strategy, leasing council-owned land for affordable housing projects, advocacy, as well as specific actions relating to STR (detailed below).

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"We've definitely got a problem down here because we have a high homeless population, with the fourth-highest rate of rough sleeping in Victoria." – Council officer

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Most STR properties are holiday homes also being used for STR. STR businesses reported that 80-90% of their property owners use their properties at least occasionally throughout the year, and many intend to use them more in the future (such as retirement). This aligned with Council officer feedback that most properties on the STR register are owner-operated rather than professional companies, however some cases of properties being used exclusively for STR were evident. As such, the STR businesses said owners were primarily motivated by flexibility to use the property and ability to earn income to help cover costs. They also noted owners were deterred from LTR by previous bad tenant experiences, increasingly cumbersome tenancy regulations, concerns over wear and tear, and having to remove furniture.

Council officers reported similar feedback from property owners about LTR tenancy requirements.

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"They want the control over the property because they had a lot of stories where tenants don't pay, but you can't kick them out." – STR property management business

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Holiday home prevalence, and lack of data, lead to mixed views on STRs role in local housing issues. As most of their properties are holiday homes, the STR businesses reported no link between STRs and housing affordability or availability, as they would otherwise remain vacant. One said it is "rare for the same owner to switch from STR to LTR," with properties more often sold, as "the rent wouldn't cover the mortgage," and would prevent personal use. Conversely, Council officers reported a definite relationship, but said data limitations prevent them being able to confirm STR as a *cause* of worsening housing affordability and availability. They said holiday homes have always existed on the Peninsula, estimated to total 20,000–25,000, but noted that hosting platforms had made STR more accessible and prevalent. However, officers were unclear if this had resulted in more homes being unavailable for LTR, though they were aware of some people buying properties exclusively for STR use. In late 2022, the Mayor wrote to STR owners asking them to consider long-term rental, which received limited interest, and council continues to advocate around STR regulation, particularly for fair reinvestment of the new state levy locally.

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"The Peninsula has always been a place with a large supply of holiday homes. But the growth of STR, and places purchased to rent out exclusively as STRs, we believe is having an impact." – Council officer

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STR is critical for the tourism economy on the Peninsula. All participants stressed STR's essential role in local tourism. Council officers said that STRs supplement the region's limited traditional accommodation options, which cannot meet the demand of its 1.6 million visitors annually. STR businesses said STR is making better use of existing housing stock to benefit the local economy. They described it as a legitimate and in-demand form of accommodation that meets diverse tourist needs, particularly families and groups travelling together, with larger houses consistently performing

well. All participants emphasised careful consideration of this role when contemplating regulation.

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“we have so many million visitors per year, and there's limited places to stay, there's a couple [of resorts or hotels], but nowhere near enough to cater for the amount of people that that we have down here. There has to be a certain level of short stay rentals down here.”

- Council officer

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STR provides direct local employment, engages local businesses and supports community services. STR businesses said the industry has benefits beyond tourism. They reported creating flexible employment opportunities, particularly for women re-entering the workforce or working around school hours, and engaging a range of local businesses, including cleaners, maintenance services, pool cleaners and trades. Each reported supporting work for more than 25 people (as direct employees or contractors). One highlighted that its guests included temporary workers and interns, working at Rosebud Hospital or Rosebud Secondary College, as well as tradespeople working on local projects, and the flow-on benefits this provides residents. Another noted providing housing assistance to local charities on the Peninsula.

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“I think everyone forgets that it's all the people that help to run them [STR]. It's a livelihood for so many and the majority of hosts would be woman, to do it around their families. And that's the great thing about the industry.” – STR property management business

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Local regulation has successfully addressed amenity issues, with refinements and enforcement. The STR businesses were very supportive of the Shire's current regulations, citing benefits to neighbourhoods, the removal of rogue operators, the ability to act quickly when needed and considered the registration fee reasonable. A Council officer reported a reduction in complaints about noise, waste, and parties, since its introduction and that STR was not a 'hot topic' for the Council at the time of the interview. However, the officer said a strong enforcement approach was needed initially to encourage behaviour change, and there were still many unregistered properties (estimated at 5,000 in total, with around 2,500 registered). In 2022, the local law was updated to strengthen Council's enforcement ability, clarifying that the code of conduct applied at all times regardless of whether the STR was being used by

the owner or paying guests. Discussions have also explored a variable fee structure based on property size and frequency of STR usage, rather than a flat fee. However, a full review of the regulation is paused until the state levy details are clarified.

The state government levy is creating uncertainty and fear about the impact on the local economy. STR businesses expressed mixed views; some believe the region's strong tourism appeal will mitigate negative effects, while others said the rate is too high and it's the local economy that will be most impacted by loss of tourism, as well as their ability to retain their own staff. There was uncertainty about whether the levy will be absorbed by STR owners or passed on to guests. One reported moving to an individual platform to eliminate third party booking fees to stay competitive. STR businesses were sceptical about the levy's ability to address affordable housing effectively, and said the market was starting to adjust anyway. Council officers felt it might discourage some STR owners (due to cumulative impact with other costs), but STR businesses said their owners were unlikely to switch to LTR as a result.

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"I don't hire staff and then sack them like a lot of people, I squirrel away everything we get through summer to get us through the winter... that's the bit that worries me. We're already running at a loss through winter, so what's it going to be like if the bookings drop even more?... The girls on the Peninsula, they're very reliant on the income." – STR property management business

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There are questions about the fairness of the levy implementation and alignment with local needs. Council officers noted a lack of consultation and limited detail on how the levy would be implemented and interact with local regulations. Officers expressed confusion about whether the Council's local law would need to align with the state government's definition of STRs (excluding principal place of residence and hosted properties), which they feared could undermine its effectiveness. Council has been advocating strongly for a "fair flow of funding into social housing on the Peninsula, given we will be a significant contributor to the levy income," they estimate at around one-third of total levy revenue. They emphasised the importance of ensuring councils retain the ability to tailor regulations to local circumstances and continue collecting fees to manage local impacts and compliance.

The regulatory environment is layered and complex, and seen to be taking away individual property owner rights. The STR businesses generally expressed frustration at the layered and varied regulations such as the levy, different local council regulations, and changes to Vacant land tax. One STR business cited an owner who

was overseas for work, but returned annually and how the vacant land tax would affect them. Council officers noted some owners removed their properties from the register following a request from the State Revenue Office for council's registration data, however it was unknown what the purpose of the request was. STR businesses said the rights of the individual property owner also needed to be considered. Feeling it was unfair that they didn't get autonomy over their own properties.

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"it's just disappointing that you can't actually have your own home that you work hard and you buy for your own purpose... to be told 'you need to do this and this', it's quite frustrating" – STR property management business

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# 4.8 Western Australia

In March 2023 in Western Australia, there were 8,056 entire dwellings STRs, of which 3,694 (45.9%) were in Perth and 4,362 (54.1%) were in regional Western Australia (REIA, September 2023).

## 4.8.1 Policy context

A summary of STR regulatory response in Western Australia is provided in the table below.

WA	Y/N?	Comment
<b>Registration</b>	Yes	A register is in place and all STR must be registered by 1 January 2025. Must provide details on maximum number of guests and essential safety measures.
<b>Land use planning</b>	Yes	Development approval is required for un-hosted STR in Perth metro area if rented more than 90 nights per year
<b>Night caps</b>	Yes	There is a 90-night cap on un-hosted STR in Perth metro area. If it is intended to use the property for STR for more than 90 nights, a development approval application must be made (which may be approved or refused).
<b>Financial levers</b>	Yes	An owner can receive a \$10,000 grant to move their property from STR to LTR.

In 2023, the State Government announced a suite of STR initiatives. The key features include:

- A ‘STRA Register’ for all hosted and un-hosted STR
- Changes to planning regulations and guidelines for un-hosted STR in the Perth metro-area
- An incentive scheme to encourage owners of un-hosted STR to move the property to LTR.

The Short-Term Rental Accommodation Act 2024 was passed in April 2024. The STR register opened 1 July 2024.

All hosted and un-hosted STR needs to be registered by 1 January 2025. The initial registration fee is \$250 with renewal cost of \$100 per year. To encourage registration, the registration fee was waived if people applied in July, August, and September 2024.

As part of the registration requirements a property owner must provide details on:

- Maximum number of guests
- Safety measures (e.g. smoke alarms, pool fencing)

Any booking platform or advertisement must conspicuously display a valid registration number.

All bookings for a property need to be entered into the register. If a booking is taken through AirBNB, Vrbo, Stayz, or Booking.com those bookings will automatically upload to the register. Other bookings need to be added manually by the property owner.

In September 2024, changes were also made to the Planning and Development (Local Planning Scheme) Regulations 2015. The changes included:

- New and revised definitions to ensure short-term rental accommodation is considered a dedicated land use class in planning schemes;
- A state-wide exemption for hosted short-term rental accommodation; and
- An exemption for un-hosted short-term rental accommodation within the Perth metropolitan area only where it is for less than 90 nights in a 12-month period.

The regulations mean that development approval is required for un-hosted STR properties in the Perth metropolitan area if rented for more than 90 nights in a 12-month period. Local governments in the regions (including Peel) can set their own planning requirements for un-hosted STR. Hosted STR is exempt from requiring a permit across the whole of Western Australia.

In addition to the regulatory responses the Western Australian government introduced two incentive schemes to encourage property owners to make their property available for LTR.

The 'STRA Incentive Scheme' offers a \$10,000 financial incentive to existing owners of un-hosted STR properties to transfer it to the long-term rental market for at least 12 months.

The 'Vacant Property Rental Scheme' offers a \$5,000 grant to owners of vacant residential properties in Western Australia to transfer their property to the long-term rental market for at least 12 months to support people seeking a rental home.

As at 18 August 2024, there were 276 grants made under the STRA Incentive Scheme and 36 for the Vacant Property Rental Scheme.

## 4.8.2 LGA: Exmouth

### *Palyadi Manu*

The Shire of Exmouth is a regional municipality in the far north of Western Australia. In March 2023 there were 120 STRs in the municipality (REIA, September 2023).

#### 4.8.2.1 Policy context

The table below summarises the STR regulatory response in Exmouth.

Exmouth	Y/N?	Comment
<b>Registration</b>	Yes	A State-wide register is in place and all STR must be registered by 1 January 2025. Must provide details on maximum number of guests and essential safety measures.
<b>Land use planning</b>	Yes	Development approval required for holiday house and holiday accommodation (equivalent to un-hosted STR).
<b>Night caps</b>	No	
<b>Financial levers</b>	Yes	Exmouth Council has a differential rate (higher) for holiday homes. The State-wide incentive (\$10,000 grant) to move a property from STR to LTR.

The State-wide STR registration requirements apply.

In Exmouth, development approval is required for holiday houses and holiday accommodation which, for the purpose of this report, are equivalent to un-hosted STR. There is an application fee of \$295 and an annual renewal fee of \$250. There are specific requirements which include:

- The property must be managed by a local caretaker manager living and readily contactable within 10 minutes of the property,
- Must provide at least 2 rubbish bins, and
- Maximum occupancy is not to exceed 12 persons

If the Shire has received complaints regarding the short stay use, the annual renewal may not be granted.

Exmouth does not have night cap requirements.

There is a differential rate for holiday homes in the Shire. For 2024/25 the Holiday Home rate in the dollar is 0.1328 compare with the standard rate in the dollar for

general properties of 0.0958. The rate applies to residential properties that have received Town Planning approval to operate as short-term holiday accommodation.

#### 4.8.2.2 Qualitative summary

Source:

- 1x interview STR property management business, 90 properties (mix of premium properties and tourist holiday villas). We note that the principal of the STR business was a local councillor at the time of the interview.
- Input from the Shire of Exmouth Council was unable to be secured.

STRs are vital to support Exmouth's tourism-dependent economy. STRs were described as integral to Exmouth's reputation as a key tourism destination in Western Australia. The STR business said STRs significantly increase the town's tourism bed stock, compensating for an undersupply in traditional accommodation, while also offering a different and in-demand type of product. It said that tourism is the primary source of income and employment in the region, and STR essential to its sustainability. The STR business estimated around 30%-40% of the income generated by STR gets reinvested into local services and employment such as property management, cleaning, furniture supply, and trades. In addition, STR services a large corporate travel sector, particularly defence personnel, account for around 15% of its STR bookings.

Tourism demand peaked and persists post-COVID, but didn't cause a loss of LTRs. Tourism demand in Exmouth surged once state border restrictions lifted and have remained consistent, "for the 786 bookings that we cancelled within those first two weeks [of border restrictions], we rebooked nearly 2,000 bookings," the STR business reported. Despite this increase, the STR business said none of its LTR properties switched to STR. Rather, eight transitioned from STR to LTR during COVID and have remained. The business reported that for standard residential properties, LTR performs much better financially (due to STR operating and regulatory costs). Of the 90 STRs it manages, 43 are tourism zoned, and 37 are multi-million marina properties which they said are unsuitable for the everyday rental pool and whose owners have them for lifestyle purposes so would otherwise leave them vacant. They described STRs as an "easy target" for renters and governments, but denied their operations impacted the availability of LTRs in Exmouth, rather they said they made better use of existing housing stock to benefit the economy.

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"It's an easy target... When people see there's the rental accommodation shortage, the first thing they're blaming is Airbnb... I can say, with my hand on my heart, right through COVID, right through the increase in tourism in this town, we did not take a single property from our long-term rental roll and put it into holidays – not a single one. If anything, it went the other way." – Exmouth Holidays, STR property management business.

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Slow government action and lack of investment was blamed for housing issues. The STR business suggested that systemic supply issues, caused by delayed land releases, and government agency leasing practices were the drivers of declining housing affordability and availability. It said that regional towns like Exmouth rely heavily on State Government land release programs and there had been no substantial new supply in over 15 years. Additionally, the STR business said an increase in government services in the area (such as hospital upgrades, satellite government offices) had added further pressure, with around 50% of property sales and rentals taken up by government and agencies. This had reduced the availability of LTRs for residents and workers, it said, with LTRs reaching \$1,500 per week in some cases. This had also extended into satellite towns, with traditionally more affordable older properties. The STR business explained that locals were forced to compete with government agencies that were either approaching homeowners directly before properties hit the market, or offering above advertised weekly rents, to secure housing for its workers. Instead, it believed government should have invested in or incentivised new housing development.

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"I think the biggest single cause, especially in regional areas of the housing crisis, is the Government's not building their own or offering attractive rental buy back schemes to make it attractive for investors to get in the market." – Exmouth Holidays, STR property management business.

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Local STR regulation was seen as progressive and balanced, but broader industry regulation is needed. The STR business considered the councils combination of planning and rating regulations, and complaint process, as a progressive and leading approach that balanced the needs of tourism, infrastructure development, and community impact. However, it said broader regulations were needed around STR

management, like that of real estate agents, to improve and professionalise practices across the broader industry and mitigate risks for both guests and property owners. This included requirements like trust accounting, insurance, essential safety compliance and standard terms and conditions. The STR business also highlighted concerns about the dominance of “guest-centric” international booking platforms, saying “there’s a whole lot of money leaving this country”. They believed professionalising the sector was an opportunity to support local property management businesses which charge lower fees; provide more comprehensive services for guests, owners and local communities; and retain more economic benefits within Australian communities.

State-wide regulation and the STR register was welcomed, but its design is considered overly burdensome and a missed opportunity. The STR business emphasised that having a register is important for accountability and oversight within the industry, but expressed disappointment that industry was not consulted in its design. It felt that focussing exclusively on STR was a missed opportunity to capture a more comprehensive dataset by encompassing the entire accommodation sector. Without this, it said, it becomes challenging to accurately forecast demand and infrastructure needs for towns like Exmouth as its only “half the story”. On top of this, it expressed concern with “excessive” data reporting requirements and the lack of system integration beyond three of the major booking platforms. It noted that the State’s own research reports recommended ‘light touch’ regulation, but what is being requested is a significant amount of booking detail, “we’ve got to log these when they’re made, when they’re changed and when they’ve [guests] departed.” The STR business said this will have a significant administrative impact, as 60% of their bookings aren’t on the integrated platforms, and queried what return on investment the data would actually deliver.

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“we're potentially looking at 60% of over 3,000 bookings a year are going to have to be manually entered. Now that is going to be in the region of a full time job. Our business is 3 of us down there managing all of this, and there’s no way that can be absorbed into our current staffing.” – Exmouth Holidays, STR property management business.

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Tenancy regulations are another factor seen to be discouraging Australia’s largest group of housing providers. The STR business noted the combination of stronger tenant rights and economic pressures had made it less attractive for property owners

invest in the LTR market. It cautioned that private landlords were the largest group of housing providers in the country and their contributions are often not adequately recognised in today's discussion of housing issues.

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“all this swaying towards tenant rights and away from landlord rights is a discouragement... I'm all for tenant rights, but it's at the cost of landlords, and it's at the cost of the biggest single group of housing providers in the country, and that's not recognised.” – Exmouth Holidays, STR property management business

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### 4.8.3 LGAs: Fremantle and Stirling

#### 4.8.3.1 LGA: Fremantle policy context

*Whadjuk people*

Fremantle City is a metropolitan municipality located south of Perth. In March 2023 there were 422 STRs in the municipality (REIA, September 2023).

A summary of STR regulatory response in Fremantle is set out in the following table.

<b>Fremantle</b>	<b>Y/N?</b>	<b>Comment</b>
<b>Registration</b>	Yes	There is a registration requirement managed through a Local Law. It requires a minimum 2-night stay. In addition, the State-wide register applies. Must provide details on maximum number of guests and essential safety measures.
<b>Land use planning</b>	Yes	The local provisions meant STR did not require planning approval, but the State-wide changes apply so now development approval is required for un-hosted STR if rented more than 90 nights per year.
<b>Night caps</b>	Yes	Development approval is required for un-hosted STR if rented more than 90 nights per year.
<b>Financial levers</b>	Yes	Fremantle Council has a differential rate (higher) for holiday homes. Through the State-wide scheme an owner can receive a \$10,000 grant to move their property from STR to LTR.

The City of Fremantle's Short Stay Accommodation Local Law 2008 requires that hosted and non-hosted STR dwellings must be registered. The local law predates the proliferation of online platforms and was introduced to ensure an appropriate standard of management of short stay accommodation in Fremantle, and to minimise amenity impacts on neighbours. Key features include:

- A house made available for short stay accommodation (defined as accommodation for not more than 6 occupants for no more than 3 consecutive months) must be registered with the City of Fremantle. The operator must provide contact details of a property manager who must be contactable 24/7, and respond to any concerns within 12 hours.
- The property must have at least one on-site parking space (unless the registration is for accommodation for 4 or less occupants).
- Bookings must be for a minimum stay of 2 consecutive nights (intended to deter bookings for use as a 'party house').

The fee for registration is \$186, and the registration, compliance and enforcement is managed by the City's Environmental Health and Compliance teams. If a property has received written planning approval (development approval) it is exempt from requiring registration under the local law.

In addition, the State-based regulations require STR to be registered from 1 January 2025. While we were unable to interview a City of Fremantle council officer, it appears as though the State and local registration requirements will both apply.

As part of the State-wide regulations, there is a 90-night cap on un-hosted STR. If someone wants to rent an un-hosted STR for more than 90 nights in a year they are required to obtain a development approval.

In June 2018 Council adopted a Residential Short Stay Accommodation Differential Rate as part of the annual budget adoption. This higher rate is applied to properties which are granted approval to conduct STR.

For the 2024/25 year the differential rate for short-stay accommodation is 0.113176 cents in the dollar compared with 0.083489 cents in the dollar for residential properties.

The State-wide financial incentives to move a property from STR to LTR are available.

### 4.8.3.2 LGA: Stirling policy context

#### *Mooro Country*

The City of Stirling is a metropolitan municipality to the north of Perth. In March 2023 there were 441 STRs in the municipality (REIA, September 2023).

A summary of STR regulatory response in Stirling is in the following table.

<b>Intervention</b>	<b>Y/N?</b>	<b>Comment</b>
<b>Registration</b>	Yes	The State-wide register applies. Must provide details on maximum number of guests and essential safety measures.
<b>Land use planning</b>	Yes	The State-wide requirements apply and development approval is required for un-hosted STR if rented more than 90 nights per year.
<b>Night caps</b>	Yes	Development approval is required for un-hosted STR if rented more than 90 nights per year.
<b>Financial levers</b>	Yes	Through the State-wide scheme an owner can receive a \$10,000 grant to move their property from STR to LTR.

In the City of Stirling the State-wide STR registration scheme applies.

In 2018 the Council sought to update their local planning provisions to include a definition of STR and to enable STR to be a permitted activity (no development approval required). But these changes were not approved by the State government because there was work underway (at a State-level) on STR regulation.

The State-wide planning provisions have now come into effect and as Stirling is a metropolitan Perth council, a development approval is required for un-hosted STR that is let for more than 90 days in a 12-month period.

The State-wide financial incentives to move a property from STR to LTR are available.

### 4.8.3.3 Qualitative summary

The individual summaries for the City of Stirling and City of Fremantle LGA's have been combined because both STR property management businesses interviewed operate properties across the whole Perth metropolitan region, and an interview with a City of Fremantle officer was not possible.

Source:

- 1x interview with City of Stirling Council planning and economic development officers
- 2x interviews STR property management businesses
  - 1x 105 properties in Perth and Peel region (mix of standard and premium properties and apartments and 5+ bedroom houses)
  - 1x 100 properties in Perth area (mix of apartments/villas and stand-alone houses)

The STR market in the Perth region remains generally strong, though 2024 has seen varied experiences. One STR business remarked that the market “bubble has popped” since February 2024, following a post-COVID surge when the market “went mad.” The other business noted sustained growth in nightly rates and occupancy since COVID. One STR business observed a reversion to seasonal patterns and event-driven demand. It highlighted challenges for smaller 1-2 bedroom apartments, which need luxury features and parking to remain viable in the STR market; otherwise, they perform better as LTRs. This operator reported that 10-15% of its properties had shifted to LTR over the past two years, with many owners taking advantage of the \$10k state government incentive. Meanwhile, larger properties continue to thrive on STR. The second STR business reported that STR remains consistently more profitable than LTR, yielding 40-100% higher returns after costs. Over the past two years, this operator saw approximately 30 properties move from LTR to STR, with only three going the other way. These differing perspectives may reflect variations in property portfolios.

A significant portion of STR owners are investors seeking financial returns, and many are deterred by tenancy reforms. The STR businesses reported that 50-60% of their property owners are investors motivated by higher profits, while others include occasional users, properties purchased for future use, or those using their own home which temporarily living overseas or interstate. Owners value the flexibility of STRs for better property access, enhanced maintenance, progressive upgrades, and greater control over tenant management. Both STR businesses emphasised that tenancy

reforms - such as allowing pets, no-ground evictions, COVID rent freezes, and rent increase caps - are deterring owners from entering the LTR market.

STR is seen to add accommodation diversity that benefits local tourism. STRs are seen by local businesses to positively contribute to tourism and visitation, though Stirling council officers noted traditional accommodation providers have expressed otherwise. STR businesses emphasised the sector's key role in supporting tourism, major events, relocations, emergency accommodation, and healthcare visits. One STR business emphasised that STR promotes a more sustainable visitation by providing the right stock in the right locations that makes it easy and affordable for families and friends to visit and stay close to loved ones who often live outside traditional tourist areas, boosting the local economy. The other STR business pointed to Perth's relative isolation as driving longer average stays, making STRs an increasingly sought-after and valuable accommodation option. Both warned that diminishing the sector would have significant negative impacts.

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“a lot of the time the hotels are not in areas that are close to family orientated areas... So in those gaps we have houses and apartments and units... it reduces the cost of the families traveling, which means they'll come back again, and they'll keep spending their money on our economy” – Easy Home Rentals, STR property management business.

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The STR sector is generating jobs and supporting local businesses. The two STR businesses reported providing approximately 23 direct jobs and engaging 60-70 additional workers through contracted services. One business noted that the sector often offers higher-paying work, with contractors paid per job (not hours) or penalty rates for time-critical services, such as trades. The other also highlighted partnerships with local businesses to cross-promote products and services.

Housing prices have risen sharply across Perth, and lack of housing for key workers is contributing to skill shortages. Stirling council officers said local businesses are struggling to attract skilled workers, and securing housing for these workers is a contributing factor. The lack of local trades and builders was seen by an STR business as part of the housing supply issue. One STR business described a doubling of house prices in two years, open homes attracting over 200 people, and owners defaulting on mortgages. It noted some 'settling' recently, but cited longer-term STR guests unable to find permanent housing. The other STR business saw the sharp increase in

rental prices as a quick 'self-correction' after 10 years of decline and rent freezes during COVID.

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"owners have haemorrhaged money and covered a big shortfall for 10 years now to hold onto their properties. A lot of them had to sell them for big losses, but those who have held on and made these sacrifices over the last 10 years, are now starting to see return on investment, whether it's long term or short term." – Letgobnb, STR property management business

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Amenity concerns are not a primary driver for STR regulation. Stirling Council officers noted a shift in the broad narrative about STR around 2019 from amenity concerns to the housing market impact. They reported minimal amenity-related issues locally, with community concerns only being raised during DA advertisements, even for STRs that have operated complaint-free for years. One STR business argued that STR benefits the community more than LTR by allowing quicker action against poor tenants and more effective monitoring of behaviour (as opposed to LTR where tenancy rights and extended legal processes make this difficult). While acknowledging that frequent tenant changeovers can impact neighbours, it emphasised that effective management can mitigate these issues.

Vacant housing is seen as a far greater contributor to housing issues than STRs. Stirling council officers believed that STR was likely contributing to availability issues but lacked the data needed to assess this. Both STR business also acknowledged STRs small potential contribution to housing issues, but said the sector was disproportionately blamed, one saying private property owners were the "scapegoat for poor government policy". It said Perth's 30,000 housing shortage would not be resolved even if all 3,000 STRs transitioned to LTR, which it estimated only a third to half would. Instead, across all interviews, vacant housing was consistently highlighted as a significant factor and opportunity. STR businesses also pointed to a systemic lack of investment and maintenance of social and public housing, and a lack of people willing to downsize.

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“we have more vacant houses in Stirling, for whatever reason... if they were bought back into productive use, that would have had a far greater impact than the incentives [for STR to transition to LTR]” –  
Stirling council officer

“the short term industry gets blamed a lot for the pressure on the rental market, but in South Perth, which is one suburb of Perth there are 5,000 empty investor apartments and dwellings that have no one living in them.” - Easy Home Rentals, STR property management business

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The state register is viewed as a key step toward addressing critical data. Stirling Council officers reported a significant rise in DA applications over the past two years, with 97 approvals issued between 2018 and 2023 (around 40 in 2023) and an additional 47 by mid-2024. This increase was partly attributed to the introduction of new state regulations, though many STRs have and continue to operate without DAs. Officers saw the register as an opportunity to “start making some informed decisions based on data” but acknowledged challenges in measuring STR’s impact on housing availability and affordability. They noted that the register will not capture the full STR picture - excluding hosted properties and un-hosted properties operating under 90 days annually - and will rely on self-reporting for operators outside major booking platforms. Despite these limitations, they highlighted the state government’s “realistic acceptance” that the system won’t capture everyone, while emphasising the importance of the data it will provide for assessing housing impacts.

Variance in council DA requirements, and lack of guidance, is creating challenges and confusion for STR operators. While the state register was welcomed by the STR businesses, they raised concerns about the varying DA requirements across LGAs, with one reporting that its owners were “panicking to get their DAs and registrations done”. While general support of planning regulations was evident, the lack of consistency and equity in their implementation (compared to other industries and between LGAs) was the issue. One STR business cited “excessive” DA requirements set by some councils, such as expensive annual fire plans, hardwired smoke alarms in every bedroom, emergency evacuation signs, or a 24/7 front desk. However positive feedback was provided on the approaches of both Stirling and Fremantle. Both STR businesses pointed to “teething issues” that needed to be addressed including data cleaning, renewal processes, clearer resources for STR owners, and appropriate state government resourcing to keep up with the influx of registrations.

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“it's been a really tough thing for everybody involved: council workers, government officials, property owners, property managers. This has not been a fun process for anyone, and we're all just trying to do the right thing.” - Easy Home Rentals, STR property management business

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Regulations are expected to reduce STR numbers, with smaller ‘mum and dad’ operators most affected. One STR business predicted that the cost and complexity of DAs and registration, coupled with large fines for non-compliance, would push out operators, in particular smaller ‘mum and dad’ operators without the resources to navigate them. It said this shift would lead to a market dominated by STR property management businesses, making STR more like the traditional accommodation sector and limiting the opportunity for everyday people to earn supplementary income. The other STR business also anticipated some attrition around April 2025 when state regulations start to take effect, resulting in increased demand and higher nightly rates for remaining STRs, at the expense of customers/guests.

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“I do think there'll be some attrition of properties that will come off next year [2025], but the demand will go up a lot and just make it probably a bit more expensive for guests for a while until people navigate and understand this policy and how it works” - Letgobnb, STR property management business

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New state planning requirements differ in direction from councils, and there is confusion about impacts of existing use rights. Effectively, both Stirling and Fremantle Councils are required to issue DAs for some types of STR when they previously would not have or preferred not to. The City of Fremantle did not previously require DA for STR, and though previously required in the City of Stirling, Council had proposed changes to its planning schemes back in 2018 to effectively remove DA requirements for STR. Stirling council officers said that at the time Council recognised STR was happening “largely without any off-site impacts” so didn’t warrant regulation. However, this change was never approved by the State Government which had started its own inquiry into STR resulting in the new regulations from 1 January 2025. Councils are working through changes to their planning schemes to reflect the state regulation, however the issue of existing use rights is unclear. In the City of Fremantle, certain STR types must be registered under its local law, but it's unclear if

these registered properties qualify for existing use rights, potentially exempting them from requiring a DA. One STR business spoke positively about the City of Fremantle’s regulatory approach, and reported that the new state regulation was causing confusion for officers and STR operators (however, this was unable to be verified with City of Fremantle officers).

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“Our Council's view at the time when they adopted this quite liberal, approach to short term rental accommodation was very different to most local governments in Western Australia”- Stirling council officer

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The State government incentive to convert STR to LTR is seen favourably, but limited in effectiveness. Stirling Council officers felt the initiative was positive in principle, noting “something was better than nothing,” but believed the limited overall budget would reduce its impact. They suggested a focus on vacant properties would have been more effective, particularly in Stirling. Officers also reported anecdotal feedback from property owners that conditions attached to the incentives, such as capping rents to the average weekly rate (maximum \$800 per week), discouraged property owners from participating. One STR business said 10-15% of its owners had taken up the incentive but expressed dissatisfaction with the conditions and staggered payments. The other reported just one owner opting in, only because they were unable to obtain a DA.

# 5. Insights

This section presents the key themes and insights emerging from analysis of the complete qualitative dataset as outlined in Appendix 7.1.

## 5.1 Locational

Two broad and distinct ‘types’ of STR markets were evident, each playing a different role, and characterised by owners with differing motivations.

- Coastal or regional ‘holiday’ locations (including Byron, Shoalhaven, Noosa, Barossa, Bass Coast, Mornington Peninsula and Exmouth); and
- Metropolitan ‘city and suburban’ locations (including Northern Beaches, Brisbane, Adelaide, Melbourne, Fremantle and Stirling).

There were also notable exceptions to these two groupings: Canberra, Darwin, and to an extent Gold Coast and Tasmania (Hobart and Launceston). This is discussed further below.

### 5.1.1 Coastal and regional holiday locations

In Coastal/regional ‘holiday’ locations the significant majority (80% - 100%) of STRs were reported to be holiday homes currently used by family/friends, or homes intended for future use (like retirement). These owners were characterised as being emotionally invested in their properties, with strong connections to the local area. As a result, their primary motivation is the flexibility to access the property when they choose, to maintain it to a high standard, and have it furnished. STR is used to help cover costs and maintenance, and for some, to make their property available to help support the local tourism economy.

In these locations, only a very small proportion of properties (if any) were reported to be used primarily for investment or business reasons (and not for personal use). In some locations (Phillip Island in the Bass Coast, Noosa) it was also reported that residents will make their own home available for STR during major events or peak seasons to generate supplementary income.

In these coastal/regional ‘holiday’ locations, holiday homes and holiday rentals were reported as being a key feature for decades, and many noted that the rise of STR booking technology platforms had increased the visibility and accessibility of this, not necessarily the number of homes used for this purpose. STR was considered an important foundation to support their local economies, which rely significantly on

tourism, and provide a 'ripple effect' of direct and indirect jobs and business opportunities, as well as a diversity of retail and hospitality options also enjoyed by locals.

It was highlighted that STR provided a different type of accommodation stock that attracted tourists that were more valuable (longer stays, families and groups) and more sustainable (beyond peak seasons), and to supplement an undersupply of traditional accommodation stock, negating the need for larger hotel complex developments.

In these locations STR was also reported as playing an important role in enabling essential service provision by providing housing for temporary hospital and healthcare staff, teaching staff, construction workers, tradespeople and defence personnel (Exmouth), and providing local accommodation during natural disasters, for insurance clients and people escaping domestic violence.

Housing availability and affordability challenges were prevalent in all the coastal/regional 'holiday' locations, and for many this was exacerbated by an influx of new residents during COVID, either escaping lockdowns or enabled by the rise of remote working. All reported impacts on key worker housing, with local businesses, health and education providers, and even some councils (Shoalhaven, Byron and Noosa) struggling to attract workers because they can't secure local housing. In many locations, businesses and hospitals were forced to become 'landlords', to provide housing for their workers. Higher rates of homelessness and rough sleeping were particularly highlighted in Byron, Mornington Peninsula and Bass Coast.

In general, the STR property management businesses in coastal/regional 'holiday' locations described a similar pattern of volatility and now 'self-correction' in the STR market, comprising:

- A reduction in the number of properties available for STRs during COVID (either owner-occupied or switched to long-term rental (LTR)).
- A surge in demand for STR immediately post-COVID as travel opened back up, leading to inflated night rates, unseasonal occupancy and a 'flood' of properties back to STR (though all noted not to pre-pandemic levels).
- Macroeconomic factors and an oversupply of STRs in the first half of 2024, resulting in lower rates, shorter booking windows and the need for higher quality stock. This is pushing poor operators, and 'lower-quality, residential style stock', out of the STR market.

Despite a fall in rates, quality STR stock in these locations was still reported to be consistently financially outperforming potential LTR profits, particularly for larger houses.

At the same time, many participants across the coastal/regional 'holiday' locations described signs of easing in the permanent housing market noting some improved availability, with properties sitting for sale or rental for longer. However, the affordability issues remained prevalent.

In terms of whether STR is contributing to local housing affordability and availability issues in these locations, *availability* impacts were more commonly and confidently reported by council officers (and some STR businesses), particularly where STR is a high proportion of total housing stock (Byron, Bass Coast and parts of Noosa).

*Affordability* impacts were considered more complex to establish, in part due to data limitations, and a range of other more significant contributing factors including interest rates, cost-of-living increases, low wages, popularity/demand for coastal living/retirement, supply shortages (in some areas exacerbated by major local projects) and mismatch between local housing stock and needs. A further three factors consistently raised, and unique to coastal/regional 'holiday' locations, were:

- The historical prevalence of holiday homes and holiday rentals, and lack of evidence that increasing STR's in the market is reducing the proportion of LTR (rather it may be that owners are making better use of existing holiday home stock).
- The significant majority of STR homes are used during the year by their owners and family/friends, and if not used for STR would be left vacant rather than being used for LTR.
- The 'holiday-home' type of STR stock being unsuitable (in size, price or location) for affordable long-term rental.

### **5.1.2 Metropolitan, city and suburban locations**

In Metropolitan 'city and suburban' locations a greater diversity of owner STR use was reported, including primarily as investments and not for personal use (up to 50-60% in some areas). These owners were primarily motivated by financial return, but also property maintenance and tenant control. The flexibility to access or change the use of the property (if even they didn't actually do so), was reported as an attractive secondary benefit.

These locations were also reported to have a large proportion of owners that currently use or intend to use their property in the future (40-90%), and as such are

emotionally invested and motivated by flexible access and quality upkeep (for which STR is viewed as better than LTR).

Within the 'city and suburban' locations there were more frequent reports of owners using their primary residence for STR, while travelling, away for work or weekends, or a small but growing number who relocate when guests book. In this case, STR is being used to help cover costs or generate supplementary income.

In these Metropolitan 'city and suburban' locations STR was considered important for tourism and supporting the delivery of major events (such as Melbourne Grand Prix, Australian Open), more in relation to adding *diversity* of accommodation stock to meet different needs, as supply of traditional accommodation was already quite high. STRs will be crucial to meeting demand for accommodation during the Brisbane 2032 Olympic Games.

Beyond the flow-on economic effects of tourism and visitation, STR was reported to play a greater diversity of roles in the metropolitan 'city and suburban' locations including: business/corporate travel, temporary accommodation for people relocating, and flexible housing for international students and those doing short courses or single-semester visits. It was also used by people (and their families) accessing medical/hospital treatment, disability respite, relocations due to domestic violence, emergency accommodation during natural disasters, for insurance clients and for families visiting family and friends. Several STR businesses reported around 40% of their bookings were for uses other than 'tourism/leisure', and this was a growing market.

Housing affordability and availability issues were reported across all metropolitan 'city and suburban' locations, with a rental availability consistently below 1% and affordability worse than pre-pandemic levels. Council officers frequently raised an undersupply of Affordable Housing and challenges encouraging that type of development. Many participants across these locations also noted very small increases in rental availability since the start of 2024.

Many STR businesses in metropolitan 'city and suburban' locations reported reducing STR rates in 2024 and, in the case of smaller 1-2 bedroom high-density apartments, the opportunity for better returns through the LTR market. This was attributed to rising LTR rates, oversupply of STR, lower occupancy, and increased STR operational costs. Participants in these locations were more likely to observe owners shifting their properties from STR to LTR as a result and note a 'rebalancing' of the market and need for higher standard STR properties to be successful. However, demand, and comparative rates, were still higher for stand-alone STR houses in suburban

metropolitan areas (which many explained was driven by the suitability of this stock for the non-tourism/leisure bookings).

In terms of whether STR is contributing to local housing affordability and availability issues in these metropolitan 'city and suburban' locations, participants reported very limited (if any) impacts on rental availability, with potential links only in pockets where STR was a higher proportion of total stock (Melbourne CBD and Southbank).

Data limitations, particularly on owner usage patterns, made it challenging to determine precise impacts. Rather, participants cited a range of broader systemic challenges including limited housing supply (and associated construction challenges), population growth and rising demand, low household incomes and wage growth, and challenges and loopholes in progressing Affordable Housing outcomes.

### **5.1.3 Unique locations and markets**

Other 'unique' locations and markets were also observed, including:

#### **Canberra**

Compared to other capital cities Canberra has a more transient and part-time population (politicians, political staff, academics, diplomats) and is less visited during traditional holiday seasons. The majority of STR properties are reportedly owner occupied part-time, and STR accounts for less than 1% of total housing stock (in part due to significant recent investment in overall housing supply).

STR is reported to enable greater use of existing housing stock to support tourism, particularly essential during key major/competing events, and offer temporary accommodation for visiting workers, people accessing medical treatment, relocating and in emergency/crisis situations. Government studies found no relationship between STR and housing affordability or availability.

#### **Darwin**

Due to Darwin's location, highly seasonal climate, peaks and troughs of major investment, and transient population, housing is relatively affordable to buy, but the long-term rental market is extremely tight (vacancy rate less than 1%). The STR market in Darwin is very small in number (less than 0.5% of private dwelling stock), and not considered to impact permanent housing. Rather, stimulating new development is a challenge, partly due to expensive construction costs and lack of skilled trades.

STR is seen to play a small role in tourism, supplementing accommodation supply during major/competing events, and offer residents an opportunity to make supplementary income while away themselves.

### **Gold Coast**

Feedback from Gold Coast participants aligned closely with the coastal/regional 'holiday' locations, in that it was an extremely well-established tourism destination and up to 80% of STR owners currently use or intend to use their properties themselves. However, there were a few notable differences.

The majority of the STR stock is high-rise apartments as opposed to larger stand-alone homes, making many potentially more 'suitable' for the LTR market. That said, STR was considered an integral role in supporting the tourism economy and considered to have only a minor cumulative impact on housing issues. Rather these issues were seen to be predominantly driven by other factors, in particular challenges securing large-scale construction, a lack of diverse housing options and shortages of student accommodation. Interestingly, Gold Coast's regulatory approach and data capture isn't specific to STR, but consistent across all tourism accommodation.

### **Tasmania (Hobart and Launceston)**

Consistent with other metropolitan 'city and suburban' locations, Launceston and Hobart reported a mix of owners using STR as investment properties, and others who use also use the property personally. STR was also reported to play an important role servicing a broad range of needs outside of 'tourism/leisure', as well as a strong contributor to tourism through providing diversity of accommodation options, and *supplementing* supply of traditional stock in peak periods and during major events.

But several factors differentiate Tasmania from other metropolitan 'city and suburban' locations:

- Tourism is a major part of the State's economy.
- Its housing stock, even in the cities, is predominantly low-density, stand-alone homes.
- Tasmania historically has lower housing prices (compared to the mainland) and lower household incomes. Housing prices were significantly inflated during COVID because of unprecedented migration by 'mainlanders' with much higher incomes.

- Reverse migration to the mainland, and interest rate rises, have resulted in many owners needing much higher rental returns, significantly less affordable to Tasmania's lower household income levels.

Participants in Hobart and Launceston reported that due to these factors the housing markets were 'cooling' with sale prices easing and rental availability increasing (though still very unaffordable for average household incomes). They observed shifts from LTR to STR as property owners try to improve financial returns to cover costs, and due to concerns about tenant management, property care and strengthened tenancy regulations.

While STR businesses reported a drop in the STR market after a post-COVID boom, they said STRs were still performing on average 20-30% better financially (after costs) than LTR across Hobart and Launceston.

In Launceston, STR was not seen to contribute to housing affordability and availability as un-hosted STR accounted for a very small proportion of total rentals (3.1% at August 2022). However, in Hobart STR was seen as a small, but contributing factor, particularly due to its high concentration in some areas, which the council officers highlighted was also having a detrimental impact on the sense of community and neighbourhood-feel in these areas.

Participants referenced Tasmania's particularly high construction costs and limited development financial returns as a significant contributor to the housing situation, in addition to the factors mentioned by other metropolitan 'city and suburban' locations.

## 5.2 The STR sector

The **booking platforms predominantly used** by the STR businesses interviewed include Airbnb, VRBO and Booking.com, and Marriot Homes and Villas, Google and Expedia were used by some. A small number exclusively used Airbnb. The majority also take direct bookings, most ranging from around 10%-25% of bookings, but some between 40%-70%. A few used direct booking exclusively for corporate/ insurance clients. A number of STR businesses reported trying to grow their direct bookings as a strategy to reduce costs and maintain competitiveness.

Across the interviews, **six broad types of STR property owners** were identified, each with different motivations which impact how they are likely to respond to regulatory interventions. They are:

1. Owners that currently use the property (and their family/friends) – this includes secondary properties like traditional holiday homes and part-time residences (many of which are inherited family properties).
2. Owners that intend to use the property in the future – this includes properties owned in addition to their primary residence, intended for things like retirement or future relocation, in most cases they are also used occasionally.
3. Owners that use the property for investment purposes – this includes properties used to generate financial returns through capital growth and/or positive gearing, in some cases they are also used by the owner, but infrequently.
4. Owners/operators using their primary home when absent – this involves people offering STR in their own homes ‘un-hosted’ when travelling, away for work, or simply relocating when it is booked.
5. Owners/operators that use the property for business/income purposes – this includes properties (owned or leased) and run as a self-managed small STR business. It also includes dwellings like self-contained granny flats or cabins on people’s own properties etc.
6. Owners/operators using their primary home when present – these are people that offer ‘hosted’ accommodation in their home.

As reported by the STR businesses and associations, types 1 and 2 are similar and often overlap. These owners are **emotionally invested in their properties**, the local area, and the community. They want to be good neighbours. They want the flexibility to access the property (for enjoyment and/or upgrades), and to ensure high-levels of care and maintenance.

For types 1 and 2 owners, STR is used to help cover or contribute to costs (mortgage, upgrades, maintenance), and for some, to make their property available to help support the local tourism economy. STR regulation is unlikely to see these properties converted to LTR, rather they would be left vacant or sold.

For type 2, when properties are not being used, it was unanimously reported that LTR is avoided due to concerns over tenant management, loss of control of the property and greater wear and tear.

For type 3 owners, profits were a key motivator. However, it was widely reported by STR businesses and associations that factors like property maintenance, tenant management and control over the property were equally important for many.

**Strengthened residential tenancy regulations** (such as allowing pets, no grounds evictions, and rent rise caps) and past poor tenant experiences and damage to properties, were reported to have turned many of these type 3 owners / investors towards STR over LTR. The flexibility to access or change the use of the property (even if they didn't), was reported as an attractive secondary benefit.

While this group was identified as the most likely to switch from STR to LTR for financial or regulatory reasons, past tenant experiences and the need to dispose of furniture made it an 'uncomfortable' choice for many. That said, in changing market dynamics, the competitive LTR rates and security of regular income was an incentive for some.

It was consistently reported that type 4 property owners/occupiers were a small, but growing cohort. This group is also emotionally invested in their properties, being their own homes, and prioritise flexible access even if they are away for extended or indefinite periods. They want to ensure high-levels of care and maintenance of their properties and be able to retain their furniture/belongings.

This group is using STR to either earn supplementary income or increasingly, **to help cover rising mortgage and living costs**. Participants noted it was particularly women and retirees who relocate when their home is booked. Some STR businesses were working on more flexible service offerings to cater for growth in this market. STR regulation is unlikely to see these properties converted to LTR.

In our interviews with STR managers, there was limited discussion of type 5 and 6 property owners given these owners are not using STR property management services. However, some council officers and STR businesses noted that contrary to common perceptions, the **large majority of STR owners are 'mum and dad' type investors** who usually own a STR single property, not investors with multiple properties (although some do exist).

Overall, given the six broad types of STR owners/operators identified, it was consistently reported by STR businesses and associations that **it is uncommon to see property owners switch between STR and LTR**. It is more likely for STRs to change because an owner is moving in to the property, or it is sold. They also reported that for STR properties lost from their listings, generally new ones come on, sometimes is the same property indicating a change of ownership but not a change in use.

The sector is **creating employment ecosystems and supporting a vulnerable workforce**. As shown in Appendix 7.2, most of the STR businesses interviewed support work for between 30-100 people, through direct employment (administrative

staff, cleaners and maintenance personnel) and sub-contractors (tradespeople, cleaners, gardeners and photographers). This employment and contracting creates a substantial local economic ecosystem.

It was widely emphasised that the sector provides income opportunities for more vulnerable groups in particular, including women, retirees, migrant workers and neurodiverse individuals, who need more flexible work arrangements around caring responsibilities or health issues. Some women and retirees are also using their own homes for STR (un-hosted, so moving out when it is rented) to supplement their income. Businesses stressed that increased regulation could disproportionately harm these groups, reducing their income opportunities and favouring larger businesses.

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“I've got an autistic daughter and a husband who has Parkinson's, and this is the way I have been able to make ends meet, because I can work the hours that suit me. So, there's a lot of carers involved in this industry.” – STR property management business

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The STR sector has evolved over the last 10 years, driven by the rise of online booking platforms. Participants said it **needs further professionalisation to legitimise its role** and improve its reputation in the community. The STR businesses cited the need for regulation for STR property managers and operators, akin to that of real estate.

It was suggested that ‘light touch’ licensing or accreditation could be used to ensure consistent standards and practice (such as trust accounting, safety and insurance requirements), abridged for self-hosts. Some also reflected on the dominance and power of international booking platforms, citing opportunities to retain more control and money within Australia. The need for a defined STR industry award was also raised by some, who reported overlap but key differences from traditional real estate, hospitality and tourism classifications.

STR businesses reflected that the sector had become challenged by its **visibility and brand misconceptions**. The rise in online booking platforms was widely regarded to have increased the visibility of STR and become the identity for the whole sector, making it easier to target. This had fueled misconceptions about a rapid growth in the sector, which many said had been operating for decades and was just managed differently. They said the industry is often perceived as dominated by profit-driven ‘moguls’, when most owners are retirees or families trying to earn supplementary income.

They also highlighted that **the broader uses and social benefits the sector provides (beyond its critical role in the tourism economy) are not widely known**, but account for up to 40% of STR use. These include business/corporate travel and relocations; visiting key workers like construction, medical and teachers; temporary accommodation for education purposes, people accessing medical/hospital treatment or disability respite; and emergency accommodation during natural disasters, for insurance clients or due to domestic violence.

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“Before 2000, you'd either call it vacation rentals or holiday homes. After 2000 in Australia it became ‘oh, you put your home on Stayz’. In came Airbnb and we started dropping holiday rentals off, ‘oh, we're going to Airbnb this’. And it's very easy to say it's all Airbnb. And if you repeat it often enough, it actually doesn't matter what the truth is, it's Airbnb... because the property numbers haven't really changed at all.” – Alloggio, STR property management business

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### 5.3 STR, housing and regulation

All areas (except Darwin) reported that COVID and recent interest rate and cost of living increases had significantly impacted the STR and broader housing markets.

In general, the STR market declined during lockdowns, but saw a ‘boom’ immediately afterward characterised by high demand, higher tariffs and causing a resurgence of properties to the market (though very few had reportedly returned to pre-COVID levels). This persisted until people’s travel habits changed due to international travel reopening and economic pressures.

As of 2024 **the STR market was broadly reported to be ‘self-correcting’** characterised by reduced demand, lower tariffs, shorter booking windows and weakening occupancy for ‘lower quality or standard’ stock. This is pushing out poor operators, and in some markets seeing small shifts in properties from STR to LTR (mainly apartments in metropolitan areas, but slight shifts were also noted in Noosa and Bass Coast).

The housing market impacts of COVID varied depending on location, however for most LGAs in this study (except Melbourne City), demand during COVID increased due to migration and supply stagnated, driving up prices and reducing availability. These issues have persisted and have been further impacted by economic pressures.

In early 2024 **most areas observed some loosening of the housing market** in terms of increased availability of LTR and properties for sale, but to varying extents and the overall challenges were still very significant. In some markets (Tasmania and Byron), there were cases where owners were switching to STR as they were unable to get sufficient long-term rent or sell their properties.

A lack of affordable **housing for key workers** was a significant concern across all areas having impacts on local businesses, Councils and some STR businesses. Multiple examples were cited where all three were directly providing housing for staff, via purchasing or leasing properties to house staff, or even including an allocation for staff within an affordable housing development (Byron).

STR itself was highlighted as playing an important role in many LGAs providing accommodation for **key temporary workers** (construction, trades, medical, teachers) which facilitates essential community services.

In most areas, STR is seen as having only **a very minor or no impact on housing availability and affordability**. Rather diminished housing availability and affordability was attributed to a convergence of factors including population growth, planning policies, lack of land release and housing supply, COVID-19 impacts, and a range of macroeconomic factors.

Many councils have explored the issue due to community pressure but found limited data to support a meaningful connection between STR and housing availability and affordability, mainly due to the very low amount of STR as a proportion of total housing stock. However, **impacts were reported in areas with a higher proportion of STR** (Byron, Hobart, parts of Noosa and Bass Coast). In these areas the impact of STR on *availability* were reported by council officers (and some STR businesses), but impacts of STR on *affordability* were considered more complex to establish, in part due to data limitations, and the more significant contributing factors listed above.

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The pure concentration of short-term rentals in key areas has had a significant impact on housing availability. In some neighbourhoods, the density of STRs has displaced long-term residents, contributing to a loss of permanent rental stock and changing the character of the community.” – Noosa council officer

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**Vacant housing** is seen across many LGAs to provide greater opportunities to increase housing supply than STRs alone. The issue was highlighted in Bass Coast, Byron, Launceston, Noosa and Perth, with a Bass Coast council officer reporting a 46% vacancy rate at the last census. Many reported STR numbers that represent a small proportion of total vacant housing. However, identifying truly vacant housing is difficult, as it often requires matching with utility usage data, which is not easily accessible. Western Australia's \$5k incentive scheme (to convert vacant properties to long-term rental) and Victoria's strengthened Vacant Residential Land Tax are two approaches to try and address this issue.

As detailed in Section 4 of this report, regulation of STR in Australia is varied, often layered (with State and local regulations) and inconsistent in type and application across different areas. This is partly due to the different pace at which the STR sector has evolved across Australia, and in response to varying local circumstances.

Participants observed **a shift in narrative** about STR impacts has driven the regulatory response. Initially, the focus was on amenity issues such as noise, parking and rubbish, often associated with 'party houses.' Many noted a shift around 2018-19 towards housing availability and affordability concerns, with some participants also reporting feedback about a 'hollowing out' of the local community and loss of 'neighbourhood feel' in areas with a higher proportion of STR (Byron, Hobart, Noosa).

Across the STR businesses interviewed **the large majority were supportive of regulation by way of a register and code of conduct**, designed to establish safety and operational standards, protect neighbourhood amenity and monitor the industry. Council officers and STR businesses in areas with a register reported reduced amenity-related complaints (noise, waste, parking) and a 'weeding out' of poor operators and 'party houses'. Some STR businesses raised concerns about particular aspects (data reporting impost, contact person requirements), and many council officers saw opportunities to improve the accuracy and quality of data, but in-principle this form of regulation was viewed positively.

In terms of other regulatory interventions, due to the variance in type, application and timing of implementation across different locations, significantly mixed feedback was received (see Section 4 of this report) and a summary of insights could not be drawn. There was a prevailing sense of uncertainty and caution expressed across the STR sector interviews.

However, there was general **openness to regulation that supports the industry and community outcomes**. The STR businesses interviewed recognised that some regulation may be beneficial and appropriate but expressed different views on what

approach was best. When providing feedback, many were critical of the *implementation and design* of the specific type of regulation, not the concept in principle. For example, some supported a levy or tax if applied across the entire accommodation sector at a low rate or flat fee and if the funds were reinvested locally; some supported planning controls to direct where STR couldn't operate depending on where it applied and if there was a development approval pathway available.

Night letting caps received consistent criticism, particularly for anything less than 180 nights per year. This was seen to have significant detrimental impacts on local communities and achieve minimal desired outcomes.

In addition, all were **critical about excessive layering or combinations of regulation**. The overriding theme was that regulation should recognise STR as a legitimate and important industry and direct and leverage it to achieve the desired local outcomes, rather than seek to constrain it.

The STR businesses and associations consistently and strongly warned that **regulations that stunt the STR sector will negatively impact local communities the most**. They cautioned that local tourism, hospitality and retail businesses will lose more lucrative tourism income, with flow on effects for local jobs, including those working in or for the STR sector directly (highlighted above as a more vulnerable workforce).

In addition, stringent and expensive regulations would disproportionately impact 'mum and dad' STR operators, diminishing a critical source of supplementary income, and potentially moving the market toward more professional STR property management. Several STR businesses predicted that regulations would be reversed in years to come as these impacts become evident.

Many council officers spoke of the tension between community pressure to regulate STRs due to amenity, housing and neighbourhood concerns, and the role that STRs play in delivering economic and social benefits.

The following general insights emerged about the current regulatory landscape:

- **Inconsistent definitions, regulations and implementation is creating confusion and complicating compliance** – STR businesses and some council officers reported confusion and contradictions between definitions of STR in planning schemes, other regulation and what the community understands it to be. They noted grey areas between 'hosted' and 'un-hosted' STR, and STR and managed serviced apartments and resort-style accommodation. The application of 'existing use rights' was another significant grey area. This,

combined with data limitations, is complicating enforcement for some councils, and confusing well-intentioned STR operators trying to follow the rules, especially STR businesses operating across different areas. It was acknowledged that this also leaves loopholes for poor operators to sidestep or ignore regulations including the night caps. Many STR businesses interviewed felt this adds to the poor perception of the industry, reduces the effectiveness of regulation, and penalises those doing the right thing.

- **More accurate and reliable data is needed to inform STR regulation and strengthen enforcement** – While local and state government registers have made progress in capturing some STR data, all interviewed councils (and some STR businesses) cited significant challenges including: limited access to state register data, duplications or inaccuracies in scraped or register data, lack of locational specificity in platform-provided data and incomplete datasets (where STRs are not being captured for various reasons). Council officers reported that complex and resource-intensive ‘cleaning and matching’ processes were required to support compliance and enforcement. STR businesses said that scraped data was contributing to inflated perceptions of the industry’s scale, but also cited examples where excessive data reporting requirements were adding significant administrative burden and were unconvinced of the value. Council officers and many STR businesses reinforced the critical role of proactive compliance and enforcement to achieve any intended regulatory change.
- **STR regulations can lead to unintended negative consequences** – Some STR regulations are having unintended impacts. In Hobart, Council’s stated intent to prohibit new STRs through planning scheme changes led to a “massive influx” of STR planning permit applications as owners sought to secure approval ‘just in case’ before any rule changes. Several STR businesses reported that the introduction of annual night letting caps meant that owners were only letting their properties during ‘peak’ periods and increasing rates to compensate – causing higher costs for tourists, less sustainable year-round tourism, and turning away lower-yield bookings for insurance clients and key temporary workers that provide services in communities. In Byron, some owners were offering 6-month LTR over winter to offset costs so they can use and STR their property over the summer period, which is anticipated to cause major displacement. Many STR businesses also raised concerns about the impact of strengthened Owners Corporations rules, allowing the banning of STR, fearing this would cause angst and conflict between neighbours, and

could lead to a concentration of STRs in certain buildings, effectively re-creating hotel-style complexes.

## 5.4 Additional STR sector perspectives

In addition to the insights provided above, the STR businesses and associations also provided the following perspectives:

- **Regulatory, media and political attention is amplifying division and tensions in communities** – Community tension and division were highlighted as significant issues, with local councils and media reported to be using the situation for political gain. There is a sense of division as neighbours have been encouraged to monitor and report each other (Brisbane, Byron), and there were examples provided of STR permit applicants being harassed (Hobart), and STR businesses targeted. Many STR Businesses in key hotspots who participated in these interviews have asked to remain anonymous as a result. There are also fears that strengthened Owners Corporations regulations, giving them the ability to ban STR will, cause significant conflict between neighbours.

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“[In a owners’ corporation committee] you’ve got someone that may not have any formal qualifications or necessary evidence of research that’s going to make a decision, based on emotion, about the future values of a property... I think that’s fraught with danger... You will have people that have taken away the livelihood and the rights of somebody else across the corridor,” – Alloggio, STR property management business

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- **Regulations disproportionately target the STR sector and lack fairness** – When discussing the detail of various regulations, ‘fairness and equity’ was commonly raised as a concern. STR businesses highlighted several examples of inequity, such as the requirement for a 24/7 contact person (when this is not a requirement for LTR), councils charging the commercial rates for STR (without acknowledging the sectors unique costs and operational realities), a levy only for STR (but not all tourism accommodation), owners corporations being able to ban STR (but not pets), and zoning that allows STR in areas that are already wealthy (and not others) or that allows some properties to be used

as STR because they are a primary place of residence but not the neighbouring house on the same street. Much of the criticism of different regulatory interventions was related to the equity and fairness of the detailed design and requirements, including the administrative and resourcing impost on operators to comply.

- **Consultation with the online booking platforms is not enough** – Many STR businesses cited a lack of consultation with the industry beyond the large online booking platforms, noting that these platforms were not representative of their views. They felt the STR sector more broadly was not being appropriately consulted or involved in discussions around regulation, in particular at the state and territory level (ACT, Vic, NSW, WA). However, there were some examples where councils are engaging regularly with local STR sector, usually the areas with the most concentrated/large numbers of STRs (Byron, Shoalhaven, Noosa, Melbourne and others).

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“I'm sure they spoke to Airbnb as a company, but you've got to understand that these channels have different interests from local [STR] managers and from homeowners... I would think any study that doesn't involve local managers would be inaccurate.” – Canbnb, STR property management business

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- **Owners should have rights and control over the use of their property** – STR sector participants expressed concern that regulations were eroding individual property owner rights. Many spoke of ‘everyday people’ who have worked hard to buy a second property, as a holiday home or as an investment for their family, or have inherited a family home, but are now facing having this taken away. While they recognised that there were severe housing issues that needed to be addressed, several remarked that ‘mum and dad’ owners were being unfairly impacted.

## 5.5 Additional government perspectives

In addition to the insights above, local and Territory government officers also provided the following additional perspectives:

- **Councils are facing a delicate balancing act between competing community pressures** – Many council officers described the tension of needing to balance community pressure to regulate STRs due to amenity, housing and neighbourhood concerns, with the interest of local businesses and services that rely on the economic, employment or social benefits STR provides. In some cases, council officers observed that misperceptions exist about the scale, role and impacts of STR which makes the regulatory role challenging. For example, inflated perceptions about the number of STRs operating (Noosa now has a public data dashboard), or STR development approvals attracting objections (even if it has been operating for years without complaint). Some officers in coastal areas spoke of the important role STR plays, making better use of existing holiday housing and negating the need for large hotel developments that the community wouldn't want but is rarely part of the discussion. Some also noted changing community expectations once people shift from part-time holiday makers to full-time residents.
- **Regulation has raised community expectations and increased the enforcement burden** – State and local regulation has left many councils feeling 'stuck in the middle' between increased community expectations about enforcement and practical limitations (due to staffing, funding or lack of reliable data). While many regulations are developed at the state level, council officers reported that the responsibility for compliance and enforcement is falling to them (whether by design or because that is what the community expects or assumes). Some noted confusion in the community and between council and the state government about where to report complaints and who should be responding.
- **Councils seek better data sharing and local reinvestment of STR revenue** – Some council officers expressed frustration at the lack of adequate and timely data sharing from state-level STR registers, impacting their compliance and planning abilities. Many councils are also advocating strongly for revenue generated from state-imposed STR regulations to be reinvested locally, to support compliance and enforcement efforts and to deliver visible benefits to the local community. This is particularly the case for the Victorian levy. Many

councils and STR businesses said that local reinvestment of income from STR-related regulation would help alleviate community tension around STR.

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“the registration fee goes to the State government, but Council get nothing, yet we are the ones who have to enforce it” – Byron Shire council officer

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- **State regulations must offer consistency and flexibility to adapt to local circumstances** – Varying perspectives about state regulations were expressed across the interviews. Some council officers expressed concerned that state regulations and definitions would impact the effectiveness of existing local regulations; some said state regulations were imposing an administrative burden (e.g. planning development approvals) they would otherwise not have had; some were advocating for state-level regulations; and several felt that state government regulation failed to understand the different nuances and circumstances of their LGA and/or ‘hamstrung’ their ability to implement local interventions. Many council officers cited a lack of consultation by state government when devising regulation (particularly in Vic). Overall, the feedback suggested a need for high-level state-based regulation, with the flexibility for councils to implement supporting and consistent local interventions tailored to their circumstances.
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“what we would like to see is a suite of options that the councils themselves can choose from within a State government framework. In other words, don't just give us one hard or blunt way to deal with it. Give us a range of options, and let the council do its piece of work to justify one of those options or a mix of those options” – Shoalhaven council officer

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# 7. Appendices

## 7.1 Research participants

The table below provides an overview of the research participants.

It is important to note that interviews were undertaken with government officers from relevant departments who were not speaking in an official capacity on behalf of the elected government body.

<b>LGA/ Location</b>	<b>Organisation type</b>	<b>Method</b>
Australia-wide		
All	STR association	Zoom interview
All	STR association	Zoom interview
All	STR property management business	Zoom interview
Qld and Vic	STR property management business	Zoom interview
Australian Capital Territory (ACT)		
Canberra	STR property management business	Zoom interview
Territory-wide	Government	Zoom interview
New South Wales (NSW)		
Byron	Council	Zoom interview
Byron	STR property management business	Zoom interview
Byron	STR property management business	Zoom interview
Northern Beaches	Council	Short email response
Shoalhaven	Council	Zoom interview
Shoalhaven	STR property management business	Zoom interview
Northern Territory (NT)		
Darwin	Council	Zoom interview
Territory-wide	Government	Zoom interview
Queensland (Qld)		
Brisbane	Council	Referred to Taskforce Report
Brisbane	STR property management business	Zoom interview
Gold Coast	Council	Zoom interview
Gold Coast (and Fraser Coast)	STR property management business	Zoom interview
Noosa	Council	Zoom interview
Noosa	STR property management business	Zoom interview
South Australia (SA)		
Adelaide	Council	Zoom interview
Adelaide Region (includes Barossa)	STR property management business	Zoom interview

<b>LGA/ Location</b>	<b>Organisation type</b>	<b>Method</b>
Barossa	Council	Zoom interview
Tasmania (Tas)		
Hobart	Council	Zoom interview
Hobart region	STR property management business	Zoom interview
Launceston	Council	Zoom interview
Launceston region	STR property management business	Zoom interview
Victoria (Vic)		
Bass Coast	Council	Zoom interview
Bass Coast	STR property management business	Email interview
Melbourne	Council	Zoom interview
Melbourne Region (includes Mornington Peninsula)	STR property management business	Zoom interview
Melbourne Region (includes Mornington Peninsula)	STR property management business	Zoom interview
Melbourne Region (includes Mornington Peninsula), Bass Coast	STR property management business	Zoom interview
Mornington Peninsula	Council	Zoom interview
Western Australia (WA)		
City of Fremantle	The City of Fremantle was contacted, but preferred not to participate.	
Exmouth	STR property management business	Zoom interview
Perth Region (includes Stirling and Fremantle)	STR property management business	Zoom interview
Perth Region (includes Stirling and Fremantle)	STR property management business	Zoom interview
Stirling	Council	Zoom interview

## 7.2 Profile: STR property management businesses

The table below provides a profile of the STR property management businesses that participated in the research.

State	LGA/ Location	STRs managed	Years in business	No. of people that gain work through the business (not FTE)			How their owners use their properties (in addition to STR)		
				Total	Employees	Contractors	Investment only (no use)	Use now	Intend to use in future
Aus-wide	All	3000+	9 yrs	Not given	Not given	Not given	<0.15%	85-90%	Not given
	QLD and VIC	25	6 yrs	45-50	1	Not given	10%	Majority	Not given
ACT	Canberra	180	7 yrs	110	10	50	Very few	74%	Not given
NSW	Shoalhaven	170-180	11yrs	100	13	65-85	≤5%	85%	10%
	Byron	15-30	6 yrs	10	2	2+	13%	Majority	6%
	Byron	60	6 yrs	30	Not given	Not given	Not given	Vast majority	A few
Qld	Brisbane	100	7 yrs	30	Not given	Not given	50%	30%	20%
	Gold Coast (and Fraser Coast)	150	5 yrs	35	12	25	20%	60%	20%
	Noosa	150	16 yrs	100	Not given	Not given	<5%	90%	5%
SA	Adelaide region (inc Barossa)	36	3.5 yrs	30-50	Not given	Not given	20%	80%	
Tas	Hobart region	45-50	1 yr	40+	1	32+	Small %	Highest %	Not given
	Launceston region	153	6.5 yrs	43	14	Not given	50%	43%	2%

State	LGA/ Location	STRs managed	Years in business	No. of people that gain work through the business (not FTE)			How their owners use their properties (in addition to STR)		
				Total	Employees	Contractors	Investment only (no use)	Use now	Intend to use in future
Vic	Melbourne region (inc Mornington Peninsula)	250+	3 yrs	20-25	9	10	35%	55% (35% only once per year) (remaining 10% owner occupiers)	
	Bass Coast	100	7 yrs	40	Not given	Not given	25%	60%	15%
	Melbourne region (inc Mornington Peninsula)	150	6 yrs	57+	12	45	10%	90% (small % owner occupiers in Melbourne)	
	Melbourne region (inc Mornington Peninsula, Bass Coast)	130	5 yrs	25	6	12+	10% (50% of Melbourne properties)	80% (100% of Morn Pen and Bass Coast)	10%
WA	Exmouth	90	10+ yrs	60-70	Not given	Not given	Not given	Not given	Not given
	Perth Region (inc Stirling and Fremantle)	100	6 yrs	50	25-30	Not given	60%	Not given	Not given
	Perth Region (inc Stirling and Fremantle)	105	8 yrs	Not given	6	35	50%	30%	20%