

**Before the Hearings Panel
For the Queenstown Lakes Proposed District Plan**

Under The Resource Management Act 1991 ('**RMA**')

In the matter of The Open Space and Recreation / District Wide Hearing Stream
15

**Statement of evidence of Brent Gregory Thomas for Airbnb –
Corporate (submitter 2390 and further submission 2768)**

Dated 6 August 2018

KensingtonSwan 

18 Viaduct Harbour Avenue
Private Bag 92101
Auckland 1142

P +64 9 379 4196
F +64 9 309 4276
DX CP22001

Solicitor: C M Sheard/N J Amos

E christina.sheard@kensingtonswan.com/natalie.amos@kensingtonswan.com

1 Qualifications and experience

- 1.1 My full name is Brent Gregory Thomas. I am Airbnb's Head of Policy for Australia and New Zealand.
- 1.2 I hold a Bachelor of Law from the University of Technology, Sydney (1998/1999) together with a Graduate Certificate Legal Practice (1998/1999) also from the University of Technology, Sydney. I also hold a Master of Business Administration (Executive) from the Australian Graduate School of Management, University of New South Wales in 2012.
- 1.3 My professional background includes work in the legal profession, for governments and for the corporate sector, as well as some time as an elected local Councillor.
- 1.4 I have been employed by Airbnb since March 2016.
- 1.5 My evidence relates to Airbnb's submission on the Visitor Accommodation Provisions of the Queenstown Lakes District Council's ('**QLDC**') Proposed District Plan – Stage 2.
- 1.6 I have authority to provide this evidence on behalf of Airbnb.

2 Scope of evidence

- 2.1 My evidence addresses the following:
 - a Brief overview of Airbnb;
 - b Responsible and respectful hosting;
 - c Airbnb's contribution to the Queenstown Lakes District economy;
 - d Why Airbnb opposes QLDC's provisions; and
 - e Conclusion.

3 Brief overview of Airbnb

- 3.1 Founded in August 2008 and based in San Francisco, California, Airbnb is a trusted community marketplace for people to list, discover, and book unique accommodation around the world.

- 3.2 Airbnb provides trusted communication and payment tools for hosts to list rooms and spaces, homes and holiday homes, as well as boutique hotels for short term rental accommodation. Airbnb and the Airbnb community are leaders in the new 'sharing economy'. There are many aspects to the benefits of the sharing economy, for example it:
- a Enables hosts to use the underutilised parts of their houses for paying guests, which in turn assists in subsidising mortgage payments and other expenses;
 - b Enables hosts to rent out homes and holiday houses when not in use, again providing an additional income;
 - c Helps meet peak accommodation demands in tourist centres; and
 - d Provides tourists with a greater variety of visitor accommodation choices.
- 3.3 Since 2008, over 300 million guests have had safe and positive experiences on Airbnb. Airbnb has worked hard to provide tools and resources that promote transparency and trust, and is proud to be a global leader in providing education on these issues for Airbnb's community. This education includes online resources¹, an online Community Centre, and responsible hosting educational events. Examples of this include:
- a Risk scoring – every reservation is scored for risk before it is confirmed;
 - b Watchlist and background checks – Airbnb run hosts and guests against regulatory, terrorist, and sanctions watchlists;
 - c Preparedness – Airbnb runs safety workshops with hosts and leading local experts, and encourage hosts to provides guests with important local information;
 - d Secure payments;
 - e Account protection to safeguard individual accounts from scams etc.; and
 - f Scam prevention.²

¹ See <https://www.airbnb.co.nz/help/article/1397/responsible-hosting>.

² See <https://www.airbnb.co.nz/trust>.

- 3.4 Airbnb's platform helps strangers see a city as a local does and lets hosts become ambassadors for the communities they love, using communication, payment, and trusted tools to empower users.
- 3.5 Airbnb entered the New Zealand market in 2015 and there are currently 37,000 Airbnb listings across the country. Airbnb's service is consistent with national and local strategic policy including Tourism New Zealand's Four Year Strategic Plan³ and Tourism 2025 – National Tourism Infrastructure Assessment. Tourism Industry Aotearoa's Tourism 2025 – Growing Value Together (2014)⁴ and Tourism 2025 – two years on (2016)⁵ were endorsed by Tourism New Zealand. This industry-led framework outlines growth targets for New Zealand's tourism industry through four key themes.
- 3.6 The Queenstown Lakes Economic Development Strategy was published in February 2015. The strategy's focus is to deliver practical and achievable actions that address the key economic development priorities.⁶ One of the objectives of the strategy is to attract higher contributing visitors and generate a proportionately higher level of expenditure from visitors.⁷ Further, the strategy recognises that tourism 'underpins the District's economy'⁸ but that it also poses a challenge through the concentration of industry⁹ and pressure on infrastructure.¹⁰
- 3.7 Data from the Deloitte Access Economics report suggests that Airbnb visitors spend more per night than the average tourist. A copy of the Deloitte Access Economics report is attached at **Appendix A**. Airbnb's variety in locations and type of accommodation available also assists with dispersing visitors throughout the Queenstown-Lakes district. Further, the recent introductions of Airbnb Experiences in Queenstown assists with diversifying visitor offerings and the ways in which visitors can contribute to the local economy. Research has shown that guest spending in the District has contributed to 713 full time equivalent jobs.¹¹

³ Deloitte 2018, Economic effects of Airbnb in Queenstown, page 21.

⁴ See <http://www.tourism2025.org.nz/assets/Documents/TIA-T2025-Summ-Doc-WEB.pdf>.

⁵ See <http://www.tourism2025.org.nz/assets/Documents/TIA-T2025-Doc-NewLogo.pdf>.

⁶ Queenstown Lakes District Council, Queenstown Lakes Economic Development Strategy, February 2015, page 3. See <https://www.qldc.govt.nz/assets/Uploads/Council-Documents/Strategies-and-Publications/Queenstown-Lakes-Economic-Development-Strategy-Consultation-Document.pdf>

⁷ Queenstown Lakes District Council, Queenstown Lakes Economic Development Strategy, February 2015, page 16.

⁸ Ibid, page 10.

⁹ Ibid, page 12.

¹⁰ Ibid, pages 12 and 13.

¹¹ See <https://www.airbnb.com/deloitte-airbnb-triggers-a-jobs-boom-in-new-zealand/>.

- 3.8 There are approximately 2,300 Airbnb listings in the Queenstown area, and in 2017, the Airbnb community welcomed more than 148,900 inbound guests.

4 Responsible and respectful hosting

4.1 Airbnb seeks to lead the industry on best practice for industry-wide oversight and regulation. Airbnb appreciates that Airbnb's guests and hosts will come into contact with neighbours and other local residents, which is why Airbnb places great emphasis on the importance of responsible hosting. Information on the standards that Airbnb and its community of travellers expect is published on its website.¹² These include:

- a Being a responsible host (including but not limited to interacting smartly, completing house rules; home safety rules and a house manual for guest; insurance coverage);
- b Safety, including emergency procedures; minimising hazards;
- c Being mindful of neighbours;
- d Ensuring all necessary permissions, and permits have been obtained (such as landlord consent); and
- e Compliance with all applicable laws.¹³

4.2 To give hosts the extra peace of mind that they need to open their homes to visitors, Airbnb has developed a Host Guarantee Program¹⁴ and a Host Protection Insurance¹⁵ to help protect New Zealand hosts. Each trip booked on Airbnb in New Zealand is covered by these two programs. Though accidents and property damage are extremely rare, even one incident is too many.

4.3 Core to the experience of travelling with Airbnb is a system of reviews – where hosts and guests rate each other after a stay. Both hosts and guests build up their own reputation, which is visible to other users of the Airbnb website, creating trust within the Airbnb online community. Potential guests can see reviews of a host's home to identify both positive and negative feedback, and hosts can look at similar assessments of any potential guests.

¹² See <https://www.airbnb.co.nz/help/article/1397/responsible-hosting>.

¹³ Ibid.

¹⁴ See <https://www.airbnb.co.nz/guarantee>.

¹⁵ See <https://www.airbnb.co.nz/host-protection-insurance>.

- 4.4 Airbnb hosts are provided with information and guidance on how to welcome guests to their homes in the most hospitable and neighbourly way, and Airbnb has established a hospitality program based on nine core standards that Airbnb encourages all hosts to meet. These standards include:¹⁶
- a Be responsive when guests reach out for information;
 - b Accept reservation requests – make sure what you advertises as available accommodation is accurate;
 - c Avoid cancelling on guest;
 - d Get positive reviews;
 - e Cleanliness;
 - f Essential amenities – toilet paper, soap, linen/sheets, at least one towel and one pillow per booked guest;
 - g Accurate, reliable listing information;
 - h Easy check in processes; and
 - i Supporting guests during their stay.
- 4.5 Airbnb hosting standards encourage plenty of communication prior to a booking, so that both the hosts and the guests can be comfortable they are a good match.
- 4.6 Airbnb encourages hosts to take extra steps to ensure that their homes are safe.¹⁷ The number of incidents Airbnb sees is incredibly low, which is a demonstration of the efficacy of Airbnb’s Trust and Safety team, tools, and programs. In addition to the Trust and Safety measures referenced above, hosts are strongly encouraged to help their guests to understand any rules and restrictions which apply to their building, or to their immediate area. Airbnb encourages guests to be mindful of neighbours and keep noise and disruption to an absolute minimum.
- 4.7 As an industry leader, Airbnb has launched an online tool - the Neighbour Tool¹⁸ - where any resident around the world can file a complaint against irresponsible behaviour. Airbnb follows up on complaints directly, and, where appropriate, penalise or ban bad users. Airbnb will take action directly against hosts if they

¹⁶ See <https://www.airbnb.co.nz/hospitality>.

¹⁷ See <https://www.airbnb.co.nz/help/article/231/i-m-a-host--what-are-some-safety-tips-i-can-follow>.

¹⁸ See <https://www.airbnb.co.nz/neighbors>.

repeatedly violate Airbnb's standards and expectations, and will not hesitate to remove hosts from Airbnb's platform.

- 4.8 Airbnb also provides a platform for people to offer free space for accommodation in the event of a disaster affecting an area.¹⁹

5 Airbnb's contribution to the Queenstown Lakes District economy

- 5.1 Holiday homes and bed and breakfast establishments have a long history of accommodating visitors throughout New Zealand and Queenstown. However, home sharing as practised by Airbnb hosts and guests is a relatively new phenomenon. The internet now enables anyone to rent out the home they live in (whether it is a spare room or their entire home while traveling) to short-term visitors. Although professional holiday rental operators and B&B operators may use Airbnb as a booking platform in Queenstown, the majority of Airbnb's Queenstown hosts are regular individuals renting out space in their own homes.
- 5.2 Airbnb seeks to ensure the benefits of home sharing are available without discrimination based on whether you own or rent your home. Home sharing rules should not discriminate between neighbourhoods or building types. Instead, regulations should allow residents to responsibly share their homes with visitors.
- 5.3 Airbnb has established a significant presence in New Zealand and Queenstown. As already outlined, there are approximately 2,300 Airbnb listings in the Queenstown area, and in 2017, the Airbnb community welcomed more than 148,900 inbound guests.
- 5.4 The Airbnb community is now a significant driver of the Queenstown tourism economy. A recent report by Deloitte Access Economics - *Economic effects of Airbnb in New Zealand: Queenstown* found that in 2017 looked at the impacts of Airbnb listings on the local economy. A copy of that report is attached as **Appendix A**. The report concludes that:
- a 71,000 bookings were made through Airbnb, representing 203,000 guests and 198,000 nights;²⁰

¹⁹ See <https://www.airbnb.co.nz/openhomes>.

²⁰ Deloitte *Economic effects of Airbnb in Queenstown*, 2018, page 10.

- b Airbnb guests who stayed in Queenstown spent \$130.2 million, which including spending on food, shopping and entertainment, as well as the money paid for Airbnb accommodation;²¹ and
- c The total economic contribution associated with the tourism expenditure of Airbnb guests in Queenstown was approximately \$89 million (made of \$75.2 million direct contributions, and \$13.4 million indirect contributions) in value added, supporting 713 full time equivalent jobs.²²

5.5 The *Healthy Travel and Healthy Destinations report*²³ included a case study of Queenstown. The report found that:

- a \$25 million was spent by guests on restaurants;
- b \$10 million was spent by guests on groceries, with a further \$9 million spent on local shopping;
- c \$10 million was spent by guests on cultural activities, with a further \$8 million spend on leisure activities;
- d \$15 million was spent by guests on local transportation.²⁴

5.6 Hosts benefited from using Airbnb by:

- a \$5 million of host earnings were spent on home improvements;
- b \$8 million of host earning were spent on rent or mortgage payments; and
- c 600 hosts used their Airbnb income to help them stay in their home.²⁵

5.7 At a time when demand and occupancy rates are high, Airbnb provides Queenstown with additional accommodation supply.²⁶ Without the cost or delay of having to build new accommodation, Airbnb helps Queenstown host more people and better manage surges in demand, particularly during peak periods like the winter ski season and major events across the District.

5.8 In addition to changing how guests travel, Airbnb has changed where guests stay when they travel. Airbnb guests and hosts distribute the economic impacts of

²¹ Deloitte *Economic effects of Airbnb in Queenstown*, 2018, page 15.

²² Deloitte *Economic effects of Airbnb in Queenstown*, 2018, page 10.

²³ Airbnb, *Healthy Travel and Healthy Destinations*, May 2018, <https://press.airbnb.com/airbnb-helps-fight-mass-tourism-promotes-sustainable-travel/>.

²⁴ *Ibid*, page 37.

²⁵ *Ibid*, page 38.

²⁶ A global example was during the Rio Olympics, see http://www3.weforum.org/docs/WEF_Understanding_the_Sharing_Economy_report_2016.pdf.

travel to neighbourhoods that have not traditionally received the benefits of the tourism industry. Airbnb survey data indicates that 53 percent of guests' daytime spending remain in the neighbourhoods in which they stay.²⁷ This means that more money is being spent outside of traditional tourist neighbourhoods - strengthening local communities and businesses. Such investments in local commercial districts benefit both hosts and non-hosting residents by improving the viability of local small businesses such as cafes and shops which might otherwise operate at a more marginal level.²⁸ Further, Airbnb hosts of homestays and Experiences encourage guests to experience wider parts of the District, rather than the concentrated areas already known for over tourism with 75% of guestbook recommendations being outside of traditional tourist areas.²⁹

6 Why Airbnb opposes the QLDC planning provisions

6.1 As outlined in its submission, Airbnb opposed the Proposed District Plan Stage 2 – Visitor Accommodation in its entirety and sought the deletion of the proposed provisions. The purpose of the provisions appears to be to restrict RVA and homestays in order to ensure two outcomes:

- a The management of adverse effects associated with RVA and homestays in residential areas; and
- b That the existing housing stock is made available for long term, permanent accommodation.

6.2 As outlined by Ms McLeod, there is no evidence in the Section 42A report or the Section 32 Evaluation to support the argument that RVA or homestays are causing adverse noise, traffic or other amenity effects.³⁰ Airbnb rentals make use of residential units at the same level of intensity that a normal residential use does. There are limits on the number of occupants that can use a house (generally by the number of beds available) and the level of use is the same as if the residential dwelling was occupied by the owner or a long term tenant.

6.3 Similarly, Airbnb hosts will either hire a car, use Uber/Choices apps or taxi services or use public transport where it is available. Again, this use is the same as a home owner or long term tenant who might own a car (or cars).

²⁷ Deloitte *Economic effects of Airbnb in Queenstown*, 2018, page 21.

²⁸ *Ibid.*

²⁹ See <https://press.atairbnb.com/airbnb-helps-fight-mass-tourism-promotes-sustainable-travel/>.

³⁰ McLeod, 6 August 2018, Section 7.

- 6.4 Airbnb regularly meets with a number of Councils throughout New Zealand and the feedback it has received is that there is no discernible difference between the effects generated by RVAs and homestays and ‘permanent’ residential uses. Airbnb rentals do not cause complaints or adverse amenity effects for the local residential community. In fact, in areas where there are holiday homes, the effect is quite the opposite.
- 6.5 In 2013, approximately 28% of houses in the Queenstown Lakes District were unoccupied dwellings – many of these will be holiday homes.³¹ As acknowledged in the Section 42A report,³² some areas suffer from a lack of residential cohesion due to the large number of unoccupied dwellings. Use of these holiday homes for RVA contributes positively to the vibrancy of such areas.
- 6.6 Airbnb is extremely concerned about a number of the conclusions made in Mr Heyes’ evidence in relation to the sharing economy and how it operates. First, the evidence relies on scraped data from AirDNA. Airbnb notes that there is no reliable way to calculate booked nights using data scraped from Airbnb. The scraper cannot factor in how hosts use their calendars, so does not distinguish between homes booked out for personal use and those booked out by paying guests. This means the scraper cannot differentiate between booked nights and blocked nights on the listing calendar. When hosts that rarely rent their place and maintain their calendar by blocking nights, the total number of nights is considerably over-counted. The scraper generally counts these blocked nights as booked nights, distorting the reality of how hosts use the platform to share their space. Therefore, this data is inherently unreliable, considerably overinflates rental figures and does not give a complete or accurate picture of the RVA market in the Queenstown District.
- 6.7 The unreliability of the data, and the lack of supporting evidence means that the evidence cannot make any firm conclusions how RVA is influencing the rental market. Instead, Mr Heyes’ evidence draws ‘likely’ or ‘probable’ conclusions:
- a *There is insufficient information to discern which of the RVA listed properties are of the different types, **therefore I am unable to accurately quantify the extent to which the growth in RVA is responsible for an increase in long-term rental prices.***³³
 - b *An analysis of Airbnb host median incomes and average Airbnb rental prices **suggests** that restricting RVA to less than 90 nights a year will **probably***

³¹ Heyes, 23 July 2018, para. 9.9

³² Section 42A report, 23 July 2018, para. 42.3.

³³ Heyes, 23 July 2018, para. 2.1(j).

*result in long-term rental becoming a more lucrative option for **some** hosts whose incentives are primarily financial.*³⁴

- 6.8 Airbnb is particularly concerned about the conclusions reached by Mr Heyes relating to Airbnb's share of the RVA market in Queenstown Lakes District and the growth of RVAs in the District:
- a In paragraph 4.10 Mr Heyes estimates the duplication between Bookabach, Holiday Homes and Airbnb listings based on "a very small sample" and then uses this data to estimate the percentage of dwellings in the District that are used for RVA (estimated by Mr Heyes to be 30%).
 - b In paragraph 4.19 Mr Heyes concludes that the growth of Airbnb's listings since its establishment in New Zealand is indicative of growth in the RVA sector as a whole. This statement fails to take account of hosts who moved from other platforms from Airbnb when it started up and those who are listed on multiple platforms.
- 6.9 As Mr Heyes acknowledges, a high proportion of dwellings in the District are unoccupied holiday homes.³⁵ His evidence notes that in 2013, 28% of all dwellings were unoccupied.³⁶ There is no analysis of how many of these properties are now used for RVA. However, given that an estimated 30% of dwellings in the District are available as RVA (and putting aside the unreliability of this figure given the "very small sample" used to arrive at this figure as outlined above), it is likely that a significant proportion of RVAs in Queenstown are now making use of previously unoccupied homes. There is no attempt to quantify the number of RVAs using holiday homes that would otherwise be unoccupied.
- 6.10 In paragraph 10.7 of his evidence, Mr Heyes concludes that just under 1,500 properties in the District listed on RVA platforms in early 2018 or 8% of all dwellings are available for rent year-round, making them genuine candidates for long-term rental. It is difficult to see what data Mr Heyes has used to draw this conclusion when Airbnb and the other hosting platforms do not provide any information about whether a property has been booked out by a paying guest or the owner of the property. In addition, not all owners book out their house for personal use in advance. They often take opportunistic weekends here and there when the property is not rented. Therefore, Mr Heyes' estimate of 1,500 properties on RVA platforms being available for rent year-round is unreliable.

³⁴ Heyes, 23 July 2018, para. 2.1(k).

³⁵ Heyes, 23 July 2018, para. 9.8.

³⁶ Heyes, 23 July 2018, para. 9.9.

- 6.11 Airbnb is also concerned that Mr Heyes' evidence has not considered the effect that these provisions will have on reducing supply of an important accommodation option in the market. In doing so, there is a risk that the provisions will cause:
- a A reduction in the affordability of those properties that have existing use rights or resource consent to provide residential visitor accommodation above the thresholds in the new provisions;
 - b An increase in the price of residential visitor accommodation (due to reduced supply), which may in turn make the low intensity use of residential properties as visitor accommodation more financially appealing; and
 - c Less accommodation available to manage surges in demand.
- 6.12 Overall, Airbnb does not consider Mr Heyes or Council has provided the necessary evidence to show that the proposed provisions will increase the long-term accommodation supply.
- 6.13 Airbnb is also concerned about how the new provisions will be administered in practice. Airbnb considers that to maximise participation in the sharing economy, any regulations should be clear, easy to understand and comply with, and cost-effective for hosts. In particular, Airbnb is concerned about:
- a How existing use rights will apply – Ms McLeod outlines the practical difficulties in establishing existing use rights for Airbnb hosts;³⁷ and
 - b How Council will enforce the 42 night limit – it appears that supply of information about yearly rentals will be provided voluntarily by the owners of the properties. It will be extremely difficult for Council to verify whether the information provided by owners is in fact correct. It is not clear from Council's evidence if any other methods for monitoring and enforcement of the proposed provisions will be used.

7 Conclusion

- 7.1 The new RVA and hosting provisions will have a significant impact on the ability of Airbnb hosts to operate. Applying for resource consent is a time consuming and expensive exercise requiring the engagement of professional assistance. Airbnb does not consider the proposed provisions are required, particularly when there is no clear evidence that the provisions are required to control the

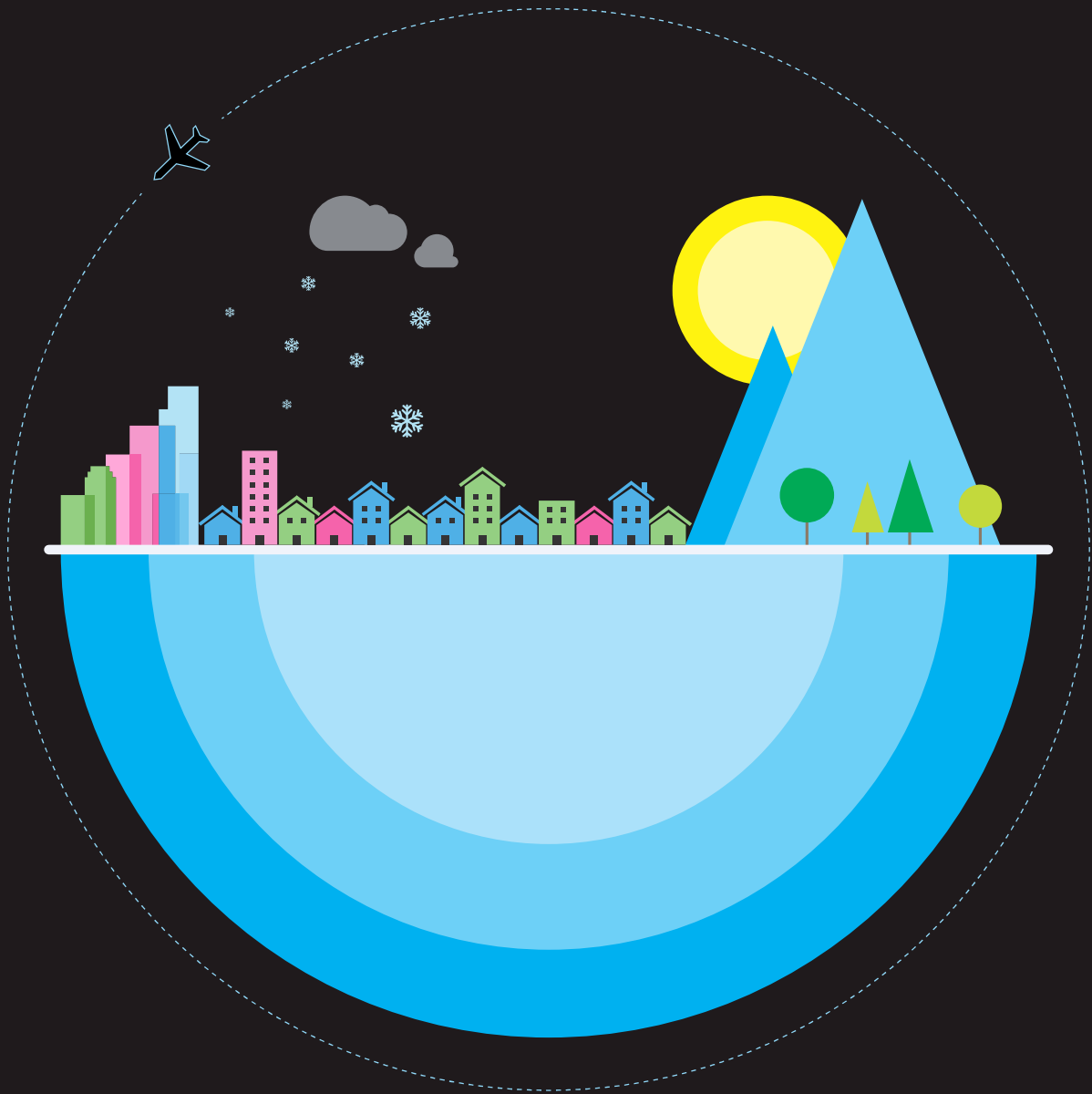
³⁷ McLeod, 6 August 2018, paras. 8.4 and 8.5.

environmental effects of residential visitor accommodation or that the provisions will actually have the outcome that the Council seeks in terms of housing availability for long term occupation.

- 7.2 Airbnb respectfully requests that the Council decline the provisions of Stage 2 of the Proposed District Plan for visitor accommodation and instead, conduct further research into the best way to address housing issues in the Queenstown District. In the meantime, Airbnb remains committed to working with Council to ensure that the regulations imposed on residential visitor accommodation are fair, proportionate to the effects they generate and are readily implementable and enforceable.

Brent Gregory Thomas
6 August 2018

**Appendix A: Deloitte Access Economics – Economic effects of
Airbnb in Queenstown - 2018**



**Economic effects of
Airbnb in Queenstown**

Airbnb

2018



Contents

Executive summary	1
1. Introduction	5
1.1 Purpose and scope of report	6
1.2 About Airbnb	6
1.3 How does Airbnb work?	6
1.4 Other issues not within the scope of this report	8
2. The contribution of Airbnb to tourism in New Zealand	9
2.1 Airbnb in New Zealand	10
2.2 Methodology	11
2.3 Contribution to the New Zealand economy	12
2.4 Contribution to the Queenstown economy	13
3. Supporting tourism in New Zealand	16
3.1 Industry context	17
3.2 Helping governments deliver tourism objectives	21
Appendix A: Economic contribution modelling framework	23
Endnotes	28
Authors	30
Limitation of our work	30



Glossary

Acronym	Definition
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATEED	Auckland Tourism, Events and Economic Development
CGE	Computable general equilibrium
EBITDA	Earnings before interest, taxes, depreciation, and amortization
FTE	Full time equivalent
GDP	Gross domestic product
GOS	Gross operating surplus
GRP	Gross regional product
MBIE	Ministry of Business, Innovation & Employment
NZTE	New Zealand Trade & Enterprise
RTO	Regional Tourism Organisation
Stats NZ	Statistics New Zealand
TIA	Tourism Industry Aotearoa
\$	New Zealand dollars



Executive summary

Key findings

- In 2017, 578,000 stays were booked with Airbnb in New Zealand, with hosts accommodating guests for around 1.5 million nights in 225 locations across the country. This includes 71,000 bookings in Queenstown, representing 203,000 guests and 198,000 nights
- Airbnb guests staying in Queenstown spent \$130 million in 2017, representing 4.9 per cent of total tourism expenditure in the region. Nearly two-thirds of Airbnb guest expenditure is on items other than accommodation, such as groceries, transport, shopping and entertainment
- In 2017, the total economic contribution associated with the expenditure of Airbnb guests in New Zealand was around \$660 million in value added, supporting 6,006 full-time equivalent (FTE) jobs
- In Queenstown, Airbnb guest spending contributed around \$89 million in value added to the regional economy, supporting 713 full-time equivalent (FTE) jobs
- Airbnb adds to choice and variety for tourists, with a rating system to provide publicly available reviews. The average star rating for Airbnb listings in Queenstown was 4.8 stars out of 5 in 2017
- Airbnb hosts receive an additional source of income by sharing their property, with Queenstown hosts earning a median income of \$11,000 in 2017. In New Zealand, over 70 per cent of Airbnb hosts are female, and have an average age of 48 years old
- Tourism is integral to New Zealand's economy, with the industry contributing around \$26 billion or 10.5 per cent to gross domestic product. Platforms like Airbnb support government tourism objectives, principally through expanding room supply, but also through enhancing the visitor experience
- Around two-thirds of Airbnb's 1.4 million guests visiting New Zealand in 2017 were from overseas. International visitors are a key driver of New Zealand's tourism economy, with their visitor expenditure increasing by 5 per cent in 2017.

In one year in Queenstown, **203,000** Airbnb guests spent **\$130 million**



supporting **713 jobs** and **\$89 million** in GRP



Airbnb hosts earned a median income of **\$11,000**



On average, guests in Queenstown rated their Airbnb listing **4.8** stars out of 5



Airbnb is a peer to peer platform on which people can list and book accommodation around the world, including 225 locations in New Zealand. Airbnb's platform connects a community of guests and hosts to facilitate short-term stays.

Consumers' decisions when choosing visitor accommodation are affected by a range of factors, including price, the type and location of the property, and the experience it offers. The growth of Airbnb in recent years suggests that its offering – whether that be its price point, its different range of properties or their locations, or the peer to peer platform – appeals to consumers.

Airbnb hosts receive an additional source of income by sharing their property. This income may be an essential part of the weekly budget, or could be used as extra spending money or long-term savings. In New Zealand, over 70 per cent of Airbnb hosts are female, and have an average age of 48 years old.

This report quantifies the economic contribution of Airbnb guest spending to the New Zealand and Queenstown economies, as well as considering how Airbnb is aligned with government tourism objectives.

The contribution of Airbnb to tourism in Queenstown

Airbnb contributes to New Zealand's tourism industry by facilitating accommodation bookings with local hosts. Around 578,000 stays were booked with Airbnb in New Zealand in 2017, with Airbnb hosts accommodating 1.4 million guests for over 1.5 million nights in towns and cities across the country. This includes 71,000 bookings in Queenstown, representing 203,000 guests and 198,000 nights in 2017.

We estimate that Airbnb guests staying in Queenstown spent \$130 million in 2017, based on bookings and survey data from Airbnb, as well as data from Stats NZ. This includes spending on items such as food, shopping and entertainment, as well as the amount paid to Airbnb hosts for accommodation. It represents 4.9 per cent of all tourism expenditure in Queenstown in 2017.¹

In 2017, the total economic contribution associated with the tourism expenditure of Airbnb guests in Queenstown was around \$89 million in value added, supporting 713 full-time equivalent (FTE) jobs.

Supporting tourism objectives

Tourism is integral to New Zealand's economy – directly contributing \$14.7 billion to gross domestic product (GDP) in 2016-17, representing 5.9 per cent of the economy overall. Industries which support tourism indirectly contributed \$11.3 billion to the economy in 2016-17, meaning that the tourism industry represents a total of 10.5 per cent of GDP.²

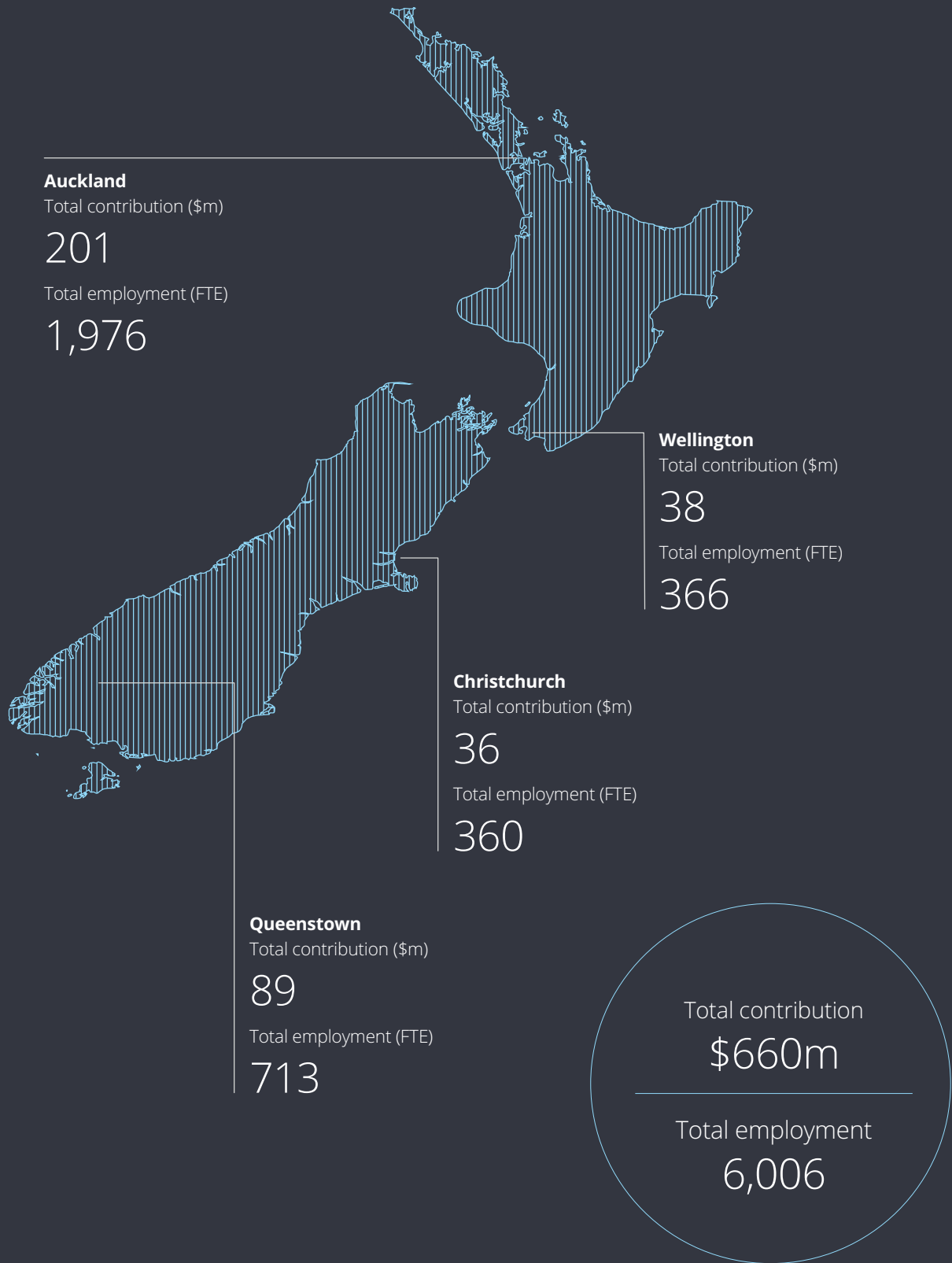
Recognising the industry's potential, governments across New Zealand and the key industry body, Tourism Industry Aotearoa, have set targets and objectives to help grow the visitor economy. Airbnb can assist governments to achieve these objectives, principally through expanding room supply, but also through enhancing the visitor experience.

At the national level, Airbnb supports Tourism New Zealand's latest strategic plan, which focuses on the long-term sustainability of the industry. It notes that increasing the value of tourism is a product of many factors, including regional dispersal and driving demand during off-peak seasons. A major benefit of Airbnb is that it provides listings in varied locations, scattered across cities and neighbourhoods, therefore enabling regional dispersal.

Tourism Industry Aotearoa's *Tourism 2025 – Growing Value Together*, which was endorsed by Tourism New Zealand, also highlights the importance of ensuring visitors have a high quality experience in the country. Airbnb hosts give local tips and recommendations to their visitors, while providing unique accommodation listings and experiences which may not be available elsewhere – enhancing the visitor experience.

Airbnb also supports regional tourism objectives, including the *Queenstown Lakes Economic Development Strategy* released in 2015 by the Queenstown Lakes District Council. For example, the recent introduction of Airbnb Experiences in Queenstown can assist in diversifying visitor offerings and the ways in which visitors can contribute to the community – an action identified in the strategy.

Public discussion surrounding the potential neighbourhood and amenity impacts of Airbnb continues, and it is acknowledged that appropriate regulation could help address these concerns. However, as this report focuses on the economic contribution of Airbnb guest spending, it does not consider these topics in detail.





Introduction



1.1 Purpose and scope of report

Guests have booked over 1.5 million nights on Airbnb across New Zealand since its local launch in 2015. There are currently around 37,000 Airbnb listings across New Zealand – ranging from spare bedrooms to luxury treehouses, in some of the smallest towns and the largest cities.

Airbnb engaged Deloitte Access Economics to assess the economic contribution of Airbnb in New Zealand. This report quantifies the economic contribution of Airbnb guest spending to the New Zealand economy, as well as considering how Airbnb is aligned with government tourism objectives. The structure of the report is as follows:

- Chapter 1 explains the Airbnb platform, and outlines how Airbnb works for both guests and hosts
- Chapter 2 assesses the economic contribution of tourism facilitated by Airbnb
- Chapter 3 describes the current state of the tourism industry in New Zealand and Queenstown and how Airbnb supports government tourism objectives.

1.2 About Airbnb

Airbnb is a peer to peer platform on which people can list and book accommodation around the world. Established in San Francisco in 2008, Airbnb today has properties listed in over 81,000 cities, including 225 locations in New Zealand. Airbnb is in line with New Zealand's bach culture, with New Zealanders enjoying holiday homes locally for many years.

Airbnb enables individuals to list their spare rooms, homes and holiday houses as available for short-term stays. As at January 2018, there were 37,000 unique listings on the Airbnb platform in New Zealand.

Short-stay rentals facilitated by platforms like Airbnb are part of the sharing economy, through which consumers are choosing to share assets and services via digital platforms. While at its core, Airbnb fills the same role as traditional short-stay accommodation – providing a place to sleep at night – the way in which it delivers this service has a number of differences to many existing operators. This differentiated service leads to a number of benefits for guests and hosts, as well as positive effects for local communities.

Other platforms exist which provide a similar service to Airbnb. For example, Bookabach – on which people can list baches, apartments and other accommodation – has operated since 2000. Some real estate agents can also list and arrange short-term leases of holiday homes and apartments.

1.3 How does Airbnb work?

1.3.1 Listing a property on Airbnb

Airbnb is an opportunity for households to receive an extra source of income by sharing their property. This income may be an essential part of the weekly budget, or could be used as extra spending money or long-term savings. Income earned through Airbnb may also support entrepreneurs to explore new business ventures, or support hosts who are self-employed. In New Zealand, over 70 per cent of Airbnb hosts are female, and have an average age of 48 years old.

A person who has a space that they would like to list on Airbnb is required to register as a host on Airbnb's website to use the platform. The registration process involves signing up to the platform and completing information about their property, including a description of the space available and uploading photos. The host also provides personal details, and can add a government identification to verify their account.

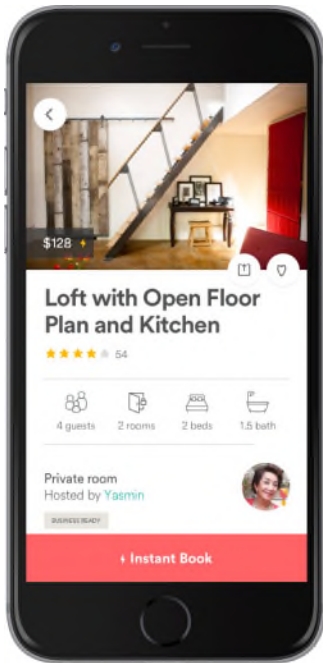
The person who lists the property is able to set the cost of renting the accommodation, with Airbnb receiving a small percentage fee per booking. The host also decides the availability of the property and booking settings. Hosts on Airbnb have a range of options, for example, whether instant bookings are available, or whether stay requests need to be confirmed by the host. Hosts can also set minimum requirements for guests, including verified identification, profile picture or rating.

Hosts are protected through Airbnb's host guarantee, which will reimburse eligible hosts for damages up to \$1.3 million.

1.3.2 Booking a stay on Airbnb

Guests register through the Airbnb platform in a similar manner to hosts. Guests can also verify their account using government identification, and link other online profiles to their Airbnb account.

Figure 1.1: Airbnb listing



Source: Airbnb

Guests can book a stay via Airbnb's website or on its mobile application. Guests can search for listings using different criteria, such as by date, city, neighbourhood, price or type of property. A sample listing is shown in Figure 1.1.

Depending on the host's booking settings, a listing may be available for instant booking or the stay may need to be approved by the host. The host will be able to see the guest's profile and any reviews written by other hosts when accepting the reservation request. Similarly, the guest will be able to see other guests' reviews of the listing.

When an instant booking is made or a booking request is accepted, the guest's reservation is automatically confirmed. Hosts and guests agree a check-in time and how the keys to the property will be exchanged. Hosts can also add a security deposit to their listing before the reservation is booked.

Guests are charged for the reservation by Airbnb at the time the booking is confirmed. Airbnb then remits payment to the host 24 hours after check-in. Guests are also charged a guest service fee by Airbnb.

While staying at a property, Airbnb guests are asked to follow house rules set by the host. These may include requests not to smoke, prohibitions against holding parties or dealing with the misuse of common areas. After the stay is completed, both the guest and the host are invited to submit a review on their experience within 14 days of checkout and provide a star rating out of five about their experience.

Consumer choice factors

Consumers' decisions when choosing visitor accommodation are affected by a range of factors. Price will almost always be a factor for tourists, depending on the type of travel – whether for business or leisure, for example. Airbnb offers different types of accommodation that may be cheaper than commercial alternatives. In addition, the room supply provided by Airbnb adds to competition in the short-term accommodation market, which may constrain price pressures, particularly during peak periods. Lower prices may encourage more frequent travel, or permit people to travel who could otherwise not have afforded to do so.³

The type of property will also factor into tourists' decisions, with Airbnb providing access to a greater variety of properties than through traditional channels. For example, families may search for properties which have multiple bedrooms for children, on-site car parking, laundry facilities and hosts which allow pets. Other guests may seek listings which provide a unique experience, such as a treehouse or a cave.

Location is also important for travellers. Airbnb listings are often located outside the traditional hotel areas in major cities around the world – meaning that guests can stay outside the CBD or inner suburbs, and closer to their desired location. Guests can also explore areas ‘off the beaten track’, generating an experience more similar to a local resident.

Another factor that explains the popularity of Airbnb is the platform itself. Booking accommodation through a peer to peer service may be valued by guests, as they are able to connect with a local resident, as well as use host guidebooks (which are often published on the Airbnb platform). The bidirectional ratings system can also encourage the provision of better host service and better guest behaviour; Airbnb guests rated listings in New Zealand 4.8 stars on average in 2017. While there are some potential issues with ratings systems in the sharing economy – such as conscious or unconscious bias, or how consumers define quality differently – they can nevertheless help to address information asymmetries in traditional markets.⁴

1.3.3 Other Airbnb services

Airbnb recently expanded beyond accommodation to include city tours and activities through Airbnb Experiences. Airbnb Experiences are activities designed and led by local residents, who can share their hobbies, skills or expertise to give guests access to activities and places they can't typically find on their own. Experiences are categorised into sports, nature, social impact, entertainment, food and drink, music, nightlife, health and wellness, concerts, history and the arts.

Examples of Airbnb Experiences include a Parisian teaching violin making, a Shanghainese woman demonstrating her mother's dumplings recipe, and an Italian man taking guests truffle hunting in Florence. Queenstown was one of the first cities in the world to offer Airbnb Experiences, with experiences ranging from guided hikes to learning about Māori customs.

1.4 Other issues not within the scope of this report

It is acknowledged that there are some community issues relating to Airbnb, such as noise levels or the availability of long-term accommodation for residents. As this report focuses on the economic contribution of Airbnb guest spending, it does not consider these topics in detail. Airbnb listings are, in many cases, located in suburban neighbourhoods – meaning that there is potential for conflicting views. Appropriate regulation can help address these concerns to ensure that individual players do not negatively affect neighbours and amenity.

This report does not analyse in detail the drivers of the cost differential between hotel accommodation, long-term rental accommodation and Airbnb listings. The regulatory requirements for hotel accommodation and Airbnb listings are different. This report does not analyse or compare the regulatory arrangements for home sharing or traditional accommodation, nor does it consider the impacts, if any, on residential accommodation costs.



The contribution of Airbnb to tourism in New Zealand and Queenstown



Tourism facilitated by Airbnb contributed around \$89 million in value added to the regional Queenstown economy, and supported 713 full-time equivalent jobs in 2017.

Airbnb makes an important contribution to New Zealand's tourism industry by facilitating accommodation bookings across the country. This chapter details the value added to the New Zealand economy, as well as the regional economy of Queenstown, facilitated by Airbnb.

2.1 Airbnb in New Zealand

578,000 stays were booked with Airbnb around New Zealand in 2017. Hosts accommodated 1.4 million guests for around 1.5 million nights in towns and cities across the nation – translating to 3.7 million guest nights.

Table 2.1: Airbnb bookings, broken down by region, 2017

Region	Total bookings	Total guests	Total nights booked
Auckland	144,000	322,000	509,000
Wellington	40,600	88,000	130,200
Queenstown	71,000	203,000	198,000
Christchurch	50,000	125,000	120,000
Rest of New Zealand	272,400	662,000	542,800
Total	578,000	1,400,000	1,500,000

Source: Airbnb

Based on 2017 survey data collected by Airbnb, around 83 per cent of Airbnb trips to New Zealand were for leisure or vacation purposes, while just over 10 per cent were visiting friends or family. The complete survey data is detailed in Table 2.2.

Table 2.2: Primary purpose of visit survey results, 2017

Purpose of visit	Respondents
Vacation or leisure	83%
Visiting friends or relatives	10%
Business, conference or convention	5%
Short-term housing	1%
Study	1%
Job hunting or interview	1%

Source: Airbnb

Around 28 per cent of Airbnb guests booking accommodation in Queenstown in 2017 were from Australia. The remaining guests were New Zealand residents, and international visitors from countries including the United States and China. Further detail is shown in Table 2.3.

Table 2.3: Guest origin for Airbnb trips in Queenstown, 2017

Guest origin	Guest arrivals	Proportion of total guests
Australia	56,000	28%
New Zealand	40,000	20%
United States	28,000	14%
China	28,000	14%
United Kingdom	9,500	5%
Singapore	8,200	4%
Hong Kong	3,600	2%
Malaysia	3,400	2%
Germany	3,200	2%
Canada	2,700	1%
Other	20,400	10%

Source: Airbnb

2.2 Methodology

The economic contribution of trips facilitated by Airbnb is a measure of the direct activities of Airbnb guests, as well as their indirect contributions through the supply chain. Airbnb stays are a key part of the tourism sector, with local and international guests hosted around New Zealand.

This analysis is based on stays facilitated by Airbnb in New Zealand. Of course, in the absence of Airbnb, some guest stays included in the contribution may have still travelled and stayed in alternative accommodation. In addition, this analysis does not consider the economic contribution associated with the Airbnb platform itself. Airbnb profits, revenue and expenditure activities are specifically excluded from the analysis.

The economic contribution analysis is based on data provided by Airbnb on the number of guests and their expenditure in 2017. The analysis also draws on publicly available data from Stats NZ.

The estimate of economic contribution is driven by the expenditure of Airbnb's guests. Daytime expenditure data was provided by Airbnb for guests staying across New Zealand, based on a survey conducted by Airbnb. This amount, in addition to that spent on Airbnb accommodation, was then weighted by the total number of nights attributable to Airbnb guests in each region, to estimate the total level of expenditure in the region.

The pattern of guest expenditure highlights the sectors of the economy that benefit (in revenue and employment terms) from Airbnb's guests, including food service (restaurants, cafes, bars, etc.), shopping, transportation, leisure and groceries being the key categories of expenditure.

Value added is the most appropriate measure of the economic contribution to gross regional product (GRP). It is the sum of the returns to the primary factors of production – labour and capital (i.e. wages to workers and profit to shareholders) – and can be calculated by adding the gross operating surplus and wages paid to workers in the tourism sector.

The estimates of the direct and indirect economic contribution are based on Input-Output (IO) modelling techniques. Stats NZ produces IO tables which provide the value added for each sector of the New Zealand economy, as well as the linkages between sectors. This allows the expenditure of Airbnb guests to be traced through the economy, to estimate the value added at each stage. The Deloitte Access Economics Regional Input-Output model was used to estimate the direct value added and employment for each region. The indirect value added and employment, generated by expenditure on the intermediate inputs, is determined based on the cost structure of each industry.

While we have not assessed the value of induced effects quantitatively, in addition to the direct and indirect economic contribution, in some regions tourism expenditure associated with Airbnb would likely result in additional consumption beyond expenditure on intermediate inputs. In areas where tourism is especially important to local industry, these effects could be locally significant.

Appendix A provides further background on the economic contribution modelling framework.

2.3 Contribution to the New Zealand economy

In 2017, the total economic contribution associated with the tourism expenditure of Airbnb guests in New Zealand was \$659.5 million in value added, with 6,006 full-time equivalent (FTE) jobs supported across the nation.

It is estimated that Airbnb guests spent \$781.4 million in New Zealand in 2017. This figure includes spending on items such as food, shopping and entertainment, as well as the amount paid to Airbnb hosts for accommodation. It represents 2.8 per cent of all tourism expenditure across New Zealand.⁵

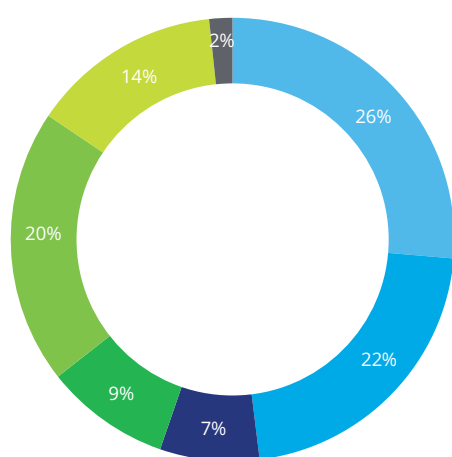
Table 2.4: Tourism expenditure of Airbnb guests in New Zealand, 2017

Category	Total expenditure (\$m)	Share of expenditure
Accommodation	\$206.0	26%
Food service (restaurants, cafes, bars, etc.)	\$169.5	22%
Groceries	\$56.5	7%
Shopping	\$71.2	9%
Other leisure activities (entertainment, museums, etc.)	\$156.4	20%
Transportation (car rentals, taxis, buses, trains, etc.)	\$108.5	14%
Other services	\$13.2	2%
Total	\$781.4	100%

Source: Deloitte Access Economics, based on Airbnb and Stats NZ⁶

Importantly, around three-quarters of Airbnb guests' expenditure is on items other than accommodation. It is necessary to consider how guests' expenditure flows through the economy to estimate the economic contribution associated with trips facilitated by Airbnb.

Chart 2.1: Tourism expenditure of Airbnb guests in New Zealand by category, 2017



■ Accommodation ■ Food service
 ■ Groceries ■ Shopping
 ■ Other leisure activities ■ Transportation
 ■ Other services

Source: Deloitte Access Economics, based on Airbnb and Stats NZ⁷

The amount spent directly by Airbnb guests at local businesses represents revenue for those businesses. Each business employs workers and capital to provide goods or services to the Airbnb guest. The returns to labour (employee wages) and returns on capital (business owner's profits) associated with the Airbnb guests' spending comprise the *direct* economic contribution.

However, some of the revenue earned by those businesses is spent sourcing intermediate inputs and paying other expenses to run the business. For example, a restaurant might source ingredients from a market, and pay for gas, electricity and water. This expenditure generates flow-on economic activity, as supplying businesses will also employ workers and capital to produce goods and services. This additional economic activity comprises the *indirect* economic contribution.

Guests also pay hosts to stay in their Airbnb accommodation. This revenue represents income for hosts, with the profits (or gross operating surplus) from this exchange comprising the direct economic contribution.⁸ The indirect contribution reflects the purchase of intermediate inputs by hosts to be able to provide Airbnb accommodation.

This principally includes intermediate inputs provided by the construction and finance sector required to build and pay for the property. It also includes other intermediate inputs used to provide Airbnb accommodation (such as cleaning services).

The total economic contribution is the sum of the direct and indirect economic contribution. The direct and indirect contribution are calculated by considering the value added to the New Zealand economy arising from Airbnb guests' visitor expenditure.

Visitor expenditure of Airbnb guests is estimated to directly contribute \$429.8 million in value added to the New Zealand economy, with a further indirect contribution of \$229.7 million in value added. Tourism expenditure of Airbnb guests also supported over 6,000 FTE jobs around New Zealand (see Table 2.5).

Deloitte Access Economics also calculated the economic contribution of Airbnb guest spending in four selected regions: Auckland, Wellington, Queenstown and Christchurch. The level of guest spending in each region was calculated by considering the number of guest nights stayed in that region, and the average nightly expenditure per guest. The regions are defined by the following territorial authority boundaries:¹⁰

- Auckland: Auckland Council
- Wellington: Wellington City Council, Upper Hutt City Council, Hutt City Council and Porirua City Council
- Queenstown: Queenstown Lakes District Council
- Christchurch: Christchurch City Council.

Table 2.5: Economic contribution of tourism expenditure associated with Airbnb in New Zealand, 2017

	Direct contribution	Indirect contribution	Total contribution
Expenditure (\$m)	\$781.4		
Value added (\$m)	\$429.8	\$229.7	\$659.5
Employment (FTE)	4,353	1,653	6,006

Source: Deloitte Access Economics based on Airbnb and Stats NZ⁹

Note: Expenditure is calculated in the input-output model using basic prices, which reflect the revenue received by producers of goods and services. The spending on accommodation is based on the amount of revenue received by hosts (i.e. it excludes the Airbnb's charges). These contributions do not include the spending of those receiving additional income, known as induced impact.

A breakdown of the economic contribution by region is shown in Table 2.6, which shows that Auckland is the largest contributor to value add, followed by Queenstown. This reflects the higher number of nights booked in these cities. Importantly, however, around two thirds of economic activity occurs outside Auckland – as guest stays and expenditure are spread across New Zealand's regions.

It is also noted that in calculating the economic contribution across four regions, some indirect activity is excluded, as it leaks out of that region's economy as imports. However, this interregional activity is accounted for in the national total.

Table 2.6: Economic contribution of tourism expenditure associated with Airbnb in New Zealand regions, 2017

	Direct contribution (\$m)	Indirect contribution (\$m)	Total contribution (\$m)	Total employment (FTE)
Auckland	\$145.8	\$54.8	\$200.6	1,976
Wellington	\$30.8	\$7.4	\$38.2	366
Queenstown	\$75.2	\$13.4	\$88.6	713
Christchurch	\$28.5	\$7.1	\$35.6	360
Rest of New Zealand	\$149.4	\$55.6	\$205.1	1,942
Interregional		\$91.5	\$91.5	650
Total	\$429.8	\$229.7	\$659.5	6,006

Source: Deloitte Access Economics based on Airbnb and Stats NZ¹¹

Note: Expenditure is calculated in the input-output model using basic prices, which reflect the revenue received by producers of goods and services. The spending on accommodation is based on the amount of revenue received by hosts (i.e. it excludes Airbnb's charges). These contributions do not include the spending of those receiving additional income, known as induced impact.

2.4 Contribution to the Queenstown economy

Airbnb guests are estimated to have spent \$130.2 million while visiting the Queenstown in 2017, generating \$88.6 million in value added to the Queenstown economy and supporting 713 full time equivalent (FTE) jobs.

Around 38 per cent of Airbnb guests' expenditure flowed directly to Airbnb hosts, or \$49.0 million in 2017. A further breakdown of tourism expenditure is shown in Table 2.7. In total, Airbnb guest expenditure accounted for around 4.9 per cent of total tourism expenditure in Queenstown.¹²

Table 2.7: Tourism expenditure of Airbnb guests in Queenstown, 2017

Category	Total expenditure (\$m)	Share of expenditure
Accommodation	\$49.0	38%
Food service (restaurants, cafes, bars, etc.)	\$23.9	18%
Groceries	\$8.0	6%
Shopping	\$10.1	8%
Other leisure activities (entertainment, museums, etc.)	\$22.1	17%
Transportation (car rentals, taxis, buses, trains, etc.)	\$15.3	12%
Other services	\$1.9	1%
Total	\$130.2	100%

Source: Deloitte Access Economics, using data provided by Airbnb and Stats NZ¹³

Airbnb guest expenditure directly contributed \$75.2 million in value add to the Queenstown economy, with a further indirect contribution of \$13.4 million in value added. The full results are shown in Table 2.8.

Table 2.8: Economic contribution of tourism expenditure associated with Airbnb in Queenstown, 2017

	Direct contribution (\$m)	Indirect contribution (\$m)	Total contribution (\$m)
Expenditure (\$m)	\$130.2		
Value added (\$m)	\$75.2	\$13.4	\$88.6
Employment (FTE)	615	98	713

Source: Deloitte Access Economics, using data provided by Airbnb and Stats NZ¹⁴

Note: Expenditure is calculated in the input-output model using basic prices, which reflect the revenue received by producers of goods and services. The spending on accommodation is based on the amount of revenue received by hosts (i.e. it excludes Airbnb's charges). These contributions do not include the spending of those receiving additional income, known as induced impact.



Supporting tourism
across New Zealand



Tourism is integral to New Zealand's economy – directly contributing \$14.7 billion to gross domestic product (GDP) in 2016-17, representing 5.9 per cent of the economy overall. Industries which support tourism indirectly contributed \$11.3 billion to the economy in 2016-17, meaning that the tourism industry represents a total of 10.5 per cent of GDP.¹⁵

Recognising the industry's potential, governments across New Zealand have set targets and objectives to help grow the visitor economy. Airbnb can assist governments to achieve these objectives, principally through expanding room supply, but also through enhancing the visitor experience.

3.1 Industry context

New Zealand has a thriving tourism sector, with 3.7 million international visitors in 2017 – an increase of 7 per cent over the period.¹⁶ Together, business, education and other personal travel was New Zealand's largest export in 2016.¹⁷ This section provides an overview of the industry in New Zealand, as well as in Auckland, Christchurch, Wellington and Queenstown.

3.1.1 Tourism in New Zealand

Domestic and international tourists stayed over 39 million guest nights in commercial accommodation in 2017.

Commercial accommodation is defined to include hotels, motels, backpackers' accommodation and holiday parks, while guest nights refers to the number of nights each guest stayed in commercial accommodation. As shown in Table 3.1, international visitors spent around 17 million nights in commercial accommodation, while local New Zealand residents stayed over 22 million nights.

Table 3.1: Tourism in New Zealand, 2017

Metric	International		Domestic	
Guest nights	17 million	↑ 5%	22 million	↑ 1%
Visitor expenditure	\$11.2 billion	↑ 9%	\$16.5 billion	↑ 5%

Source: Stats NZ¹⁸ and MBIE¹⁹

New Zealand's international visitor market is growing strongly, with 24 per cent growth in commercial accommodation guest nights in the past three years – more than three times the rate for domestic travellers.²⁰

The New Zealand Ministry of Business, Innovation & Employment (MBIE) forecasts international visitor arrivals to increase by 4.8 per cent per annum, reaching 4.9 million visitors annually in 2023.²¹

At the same time, visitor expenditure continues to increase – and at almost double the rate of growth than that of volume. International visitor expenditure in particular has surged – increasing by around 40 per cent over the past three years.²²

Room occupancy rates in commercial accommodation across New Zealand have increased slightly over the past year, by 1.3 percentage points to average 44.8 per cent in 2017.

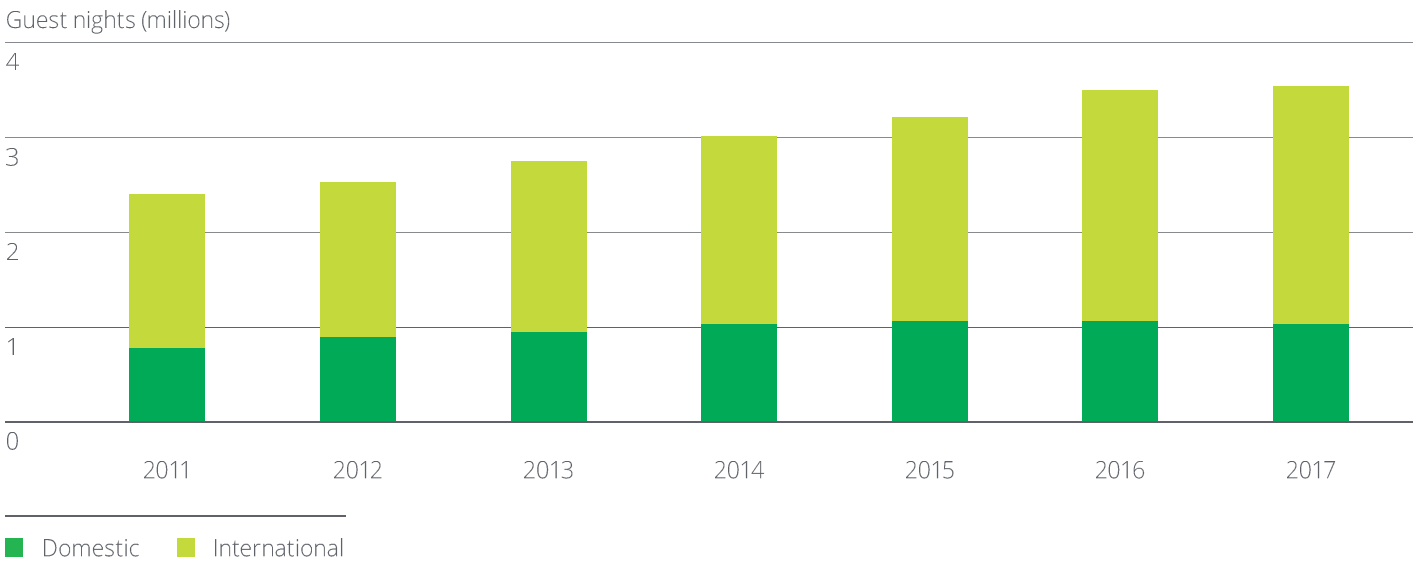
Hotels and motels were the strongest performers, at an average of 69.9 per cent and 61.0 per cent in 2017 respectively.²³ Research carried out by Deloitte for Tourism Industry Aotearoa found that additional visitor accommodation is the highest infrastructure priority required to generate growth in the tourism industry.²⁴

Beyond commercial accommodation, tourists may also stay in private accommodation, such as a friend or relative's house, or a private rental. Platforms that facilitate these short-term private rentals, aside from Airbnb, include HomeAway, TripAdvisor, Bookabach (acquired by HomeAway in 2013),²⁵ TradeMe's Holiday Houses, Look After Me and CouchSurfing. In addition, some real estate companies manage holiday home rentals, with certain agents using the Airbnb platform.²⁶

3.1.2 Tourism in Queenstown

Queenstown is one of New Zealand's most popular destinations, with 1.1 million international tourists visiting the region in 2017²⁷ – doubling in four years.²⁸ Together, domestic and international tourists stayed 3.6 million guest nights in Queenstown's commercial accommodation in 2017.

Chart 3.1: Domestic and international guest nights booked in commercial accommodation in Queenstown, 2011 to 2017



Source: Stats NZ²⁹

Occupancy rates in commercial accommodation across Queenstown averaged 71.3 per cent in 2017, while the average length of stay for guests was 2.6 nights.³⁰ However, TIA's survey of hotels between three and five stays found that occupancies averaged 81.8 per cent in the year to September 2017, a slight decrease of 1.1 per cent compared to the previous year, although still a significant increase on prior years.³¹

In 2016, NZTE noted that Queenstown had a 'severe shortage' of hotel capacity, driven by international visitation in particular. At the time, it was estimated that an additional 1,420 hotel rooms would be required by 2025 to meet demand, taking into account the current development pipeline.³² Deloitte found in its *National Tourism Infrastructure Assessment* completed for TIA in 2017 that visitor accommodation is Queenstown's highest tourism infrastructure priority.

Growing demand is being fuelled by the region's strong leisure and adventure offerings, as well as meetings and conventions. Like Auckland and Christchurch, hotel demand can be seasonal – although nearby ski fields may mitigate some of this effect.³³

Lucia from Terra Mia in Arrowtown, near Queenstown

Eighteen months ago, Lucia and her husband, Alberto, opened Terra Mia, an Italian restaurant located in Arrowtown. Terra Mia specialises in homemade pastas and Neapolitan-style pizzas, and produces almost all products in-house. Lucia sources many ingredients locally, including eggs from Wanaka and meat from the local butcher in Queenstown, but imports some speciality products from overseas.

Most of Lucia's customers are tourists, with some staying overnight in Arrowtown, while others drive in from Queenstown for the day. As Arrowtown only has one large resort and little other commercial accommodation, many tourists stay in private rentals like Airbnb. According to Lucia, private rentals have increased in capacity as visitors have started to see Arrowtown as a destination, rather than as a day trip.

Lucia frequently interacts with Airbnb hosts, often providing menus from her restaurant to be placed in Airbnb rooms and houses. Hosts often recommend Terra Mia to their guests, with some even suggesting they travel from Queenstown to visit the restaurant.

Terra Mia is busy throughout the entire year, with little downtime even during the shoulder seasons of spring and autumn. While Lucia is relatively new to the community, her discussions with other businesses have suggested that these shoulder seasons used to be more pronounced, but visitation is now steady year-round. According to Lucia, this has spurred growth in businesses in Arrowtown, and generally across the local community.

Amy from Māori Tourism

When Airbnb Experiences was close to launching in New Zealand, Amy reached out to Airbnb to understand more about the platform and see how Māori tourism operators could use the platform to create opportunities within the Māori tourism sector. Airbnb and NZ Māori Tourism have collaborated over the past year to identify and facilitate Experiences that Airbnb users may enjoy, and to communicate how this tool can be used to develop new offerings and ideas across New Zealand.

The benefits of this service to Māori tourism operators are threefold:

- It supports the dispersal of visitors more widely than traditional tourist centres
- It encourages the uptake of a greater number of authentic Māori experiences while also encouraging the establishment of new and exciting Māori tourism experiences
- It provides business opportunities and ease of access to enter the tourism industry for groups and individuals that may otherwise struggle to enter the tourism market.

While the platform is currently limited to Queenstown, there are plans to roll out the service to other regions in New Zealand. Extending Airbnb Experiences more widely will provide NZ Māori Tourism, and Māori tourism providers, with the ability to attract more visitors to Māori tourist activities, and it may act as an incubator for new business opportunities. Airbnb provides the infrastructure and data to enable operators to better understand consumer interests, demand and willingness to pay, and enables new operators, who may not traditionally become tourism providers, to enter the market with tailored Experiences that meet market demand.

The flexibility of the Airbnb service enables providers to offer authentic Experiences on a timetable that best suits their needs. For example, an Airbnb Experience near Queenstown currently offers guests a locally guided tour of the land first settled by Māori; practice of the traditional Hongi greeting and understanding as to why it is done; a display of the Wanaka Haka, a Māori dance specific to the region of Central Otago; and lessons on how to brandish the Taiaha, a ceremonial weapon. As only one man hosts this Experience, he is able to determine when this experience can be offered to visitors.

A rollout of the service to the rest of the country would increase the offerings of Māori tourism experiences across all regions, and attract visitors who want a more local experience to regions that are beyond the usual tourist hubs. Visitors to New Zealand would benefit by learning about New Zealand heritage through a rich and authentic cultural experience.

3.2 Helping governments deliver tourism objectives

3.2.1 National objectives

Tourism New Zealand released its latest four-year strategy in March 2017. The core purpose of the strategy is to 'boost New Zealand's economy by growing the value of international visitors', identifying three strategic priorities to guide Tourism New Zealand's activities over the four-year timeframe.³⁴

The first strategic priority, which focuses on long-term sustainability, notes that increasing value is a product of many factors, including regional dispersal and driving demand during off-peak seasons. A major benefit of Airbnb is that it provides listings in varied locations. According to Airbnb, 74 per cent of Airbnb properties in major markets across the world are located outside the traditional tourist districts. Consumers can stay in suburban areas that aren't typically 'tourist destinations', enabling a genuine experience while also dispersing tourism expenditure. Airbnb survey data for New Zealand suggests that around half of Airbnb guest spending occurs within the neighbourhood where guests stay.

Tourism Industry Aotearoa's *Tourism 2025 – Growing Value Together* (released in 2014) and *Tourism 2025 – Two Years On* (released in 2016) were endorsed by Tourism New Zealand. This industry-led framework outlines growth targets for New Zealand's tourism industry through four key themes.

A priority identified in this strategy is to ensure visitors have a high quality experience in the country,³⁵ with a similar priority also listed in Tourism New Zealand's strategic plan. While Airbnb is not referred to in the plan, the services it provides can assist in achieving this goal. Airbnb provides unique listings which are generally unavailable through other commercial accommodation, such as treehouses or caves. Listings may also be 'off the beaten track', enabling a different visitor experience. Airbnb hosts are also available to provide local tips and recommendations to their visitors.

Airbnb can also assist Tourism Industry Aotearoa in meeting its objective of regional dispersal. The framework has a focus on improving the dispersal of tourism around the country, enticing tourists out of main cities and activating underutilised regional areas.³⁶ As noted earlier, the varied locations of Airbnb properties can facilitate regional dispersal.

Complementing Tourism 2025 is the Ministry of Business, Innovation and Employment's (MBIE) own tourism strategy, released in 2016.³⁷ The strategy focuses on three key challenges: attracting the right visitor mix, responding to visitor demand, and ensuring all regions benefit. These challenges and their associated actions clearly complement *Tourism 2025*, with the strategy outlining the priority actions of different government agencies. While Airbnb does not directly contribute to these actions – as they are directed towards government – it nevertheless can assist with responding to the broader industry challenges as described above.

Tourism Industry Aotearoa also released a *National Tourism Infrastructure Assessment*, undertaken by Deloitte. The study established a framework to prioritise tourism infrastructure investment to the Tourism 2025 horizon and beyond. Visitor accommodation infrastructure was the top ranked infrastructure priority across the nation, implying that 'if the current constraint in visitor accommodation was addressed, this would generate more additional tourism activity for New Zealand than if any other category was prioritised.'³⁸ While this report conceives of visitor accommodation as commercial visitor accommodation, Airbnb can nevertheless assist in unlocking tourism potential – particularly during peak periods of demand, as Airbnb can expand the supply of visitor accommodation in response to demand.

3.2.2 Queenstown

The Queenstown Lakes District Council released the *Queenstown Lakes Economic Development Strategy* in 2015. The strategy recognises that tourism 'underpins the District's economy', but that it also poses a challenge through the concentration of industry and pressure on infrastructure. A core supporting priority of the strategy is to encourage higher contribution visitor activity.³⁹

One suggested approach to achieving this priority is to attract higher value visitors, who can spend more in the district. Airbnb data from Australia suggests that Airbnb visitors spend more per night than the average tourist. If this were to hold true in Queenstown, Airbnb could assist the Council in achieving its goal through attracting guests via Airbnb. Airbnb can also assist in dispersing visitor spend throughout the region.

The recent introduction of Airbnb Experiences in Queenstown can also assist in diversifying visitor offerings and the ways in which visitors can contribute to the community – another action identified in the strategy. Airbnb Experiences features different activities to those which might otherwise be offered in Queenstown, as they are operated by local hosts.



Appendix A: Economic contribution methodology



Overview and definitions

Economic contribution studies are intended to quantify measures such as value added, exports, imports and employment associated with a given industry or firm, in a historical reference year. The economic contribution is a measure of the value of production by a firm or industry. All direct, indirect and total contributions are reported as gross operating surplus (GOS), labour income, value added and employment (with these terms defined in Table A.1).

Table A.1: Definitions of economic contribution estimates

Estimate	Definition
Gross operating surplus (GOS)	GOS represents the value of income generated by the entity's direct capital inputs, generally measured as the earnings before interest, tax, depreciation, and amortisation (EBITDA).
Labour income	Labour income is a subcomponent of value add. It represents the value of output generated by the entity's direct labour inputs, as measured by the income to labour.
Value added	Value added measures the value of output (i.e. goods and services) generated by the entity's factors of production (i.e. labour and capital) as measured in the income to those factors of production. The sum of value added across all entities in the economy equals gross domestic product. Given the relationship to GDP, the value added measure can be thought of as the increased contribution to welfare.
Employment (FTE)	Employment is a fundamentally different measure of activity to those above. It measures the number of workers (measured in full-time equivalent terms) that are employed by the entity, rather than the value of the workers' output.
Direct economic contribution	The direct economic contribution is a representation of the flow from labour and capital committed in the economic activity.
Indirect economic contribution	The indirect contribution is a measure of the demand for goods and services produced in other sectors as a result of demand generated by economic activity.
Total economic contribution	The total economic contribution to the economy is the sum of the direct and indirect economic contributions.

Source: Deloitte Access Economics

When calculating the GOS for a typical for-profit firm or industry, income streams from government (such as transfers or production subsidies) are excluded as they are a transfer of public funds, not reflective of income generated by the activities of the firm or industry.

Similarly, value added is typically calculated as GOS plus labour income plus taxes minus subsidies on production.

Value added

The measures of economic activity provided by this contribution study are consistent with those provided by Stats NZ. For example, value added is the contribution the sector makes to total factor income and gross domestic product (GDP).

There are a number of ways to measure GDP, including:

- **Expenditure approach** – measures expenditure of households, on investment, government and net exports
- **Income approach** – measures the income in an economy by measuring the payments of wages and profits to workers and owners.

The discussion below outlines the approach to measuring the value added by an industry using the income approach.

Measuring the economic contribution – income approach

There are several commonly used measures of economic activity, each of which describes a different aspect of an industry's economic contribution. One measure is value added.

Value added measures the value of output (i.e. goods and services) generated by the entity's factors of production (i.e. labour and capital) as measured in the income to those factors of production. The sum of value added across all entities in the economy equals GDP. Given the relationship to GDP, the value added measure can be thought of as the increased contribution to welfare.

Value added is the sum of:

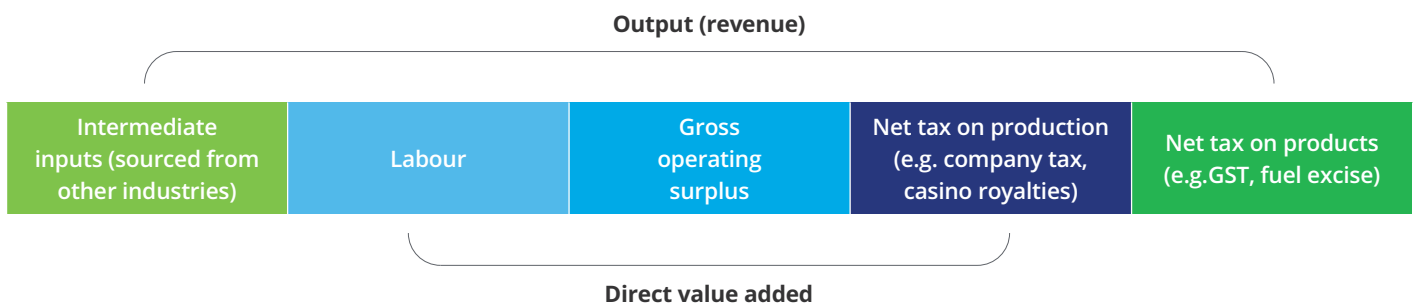
- Gross operating surplus (GOS) represents the value of income generated by the entity's capital inputs, generally measured as the earnings before interest, tax, depreciation and amortisation (EBITDA)
- Tax on production less subsidy provided for production. Note: given the manner in which returns to capital before tax are calculated, company tax is not included or this would double-count that tax. In addition, it excludes goods and services tax, which is a tax on consumption (i.e. levied on households)

- Labour income is a subcomponent of value added. It represents the value of output generated by the entity's direct labour inputs, as measured by the income to labour.

Figure A.1 shows the accounting framework used to evaluate economic activity, along with the components that make up output. Output is the sum of value added and the value of intermediate inputs used by the firm or industry.

The value of intermediate inputs can also be calculated directly by summing up expenses related to non-primary factor inputs.

Figure A.1: Economic activity accounting framework



Source: Deloitte Access Economics

Contribution studies generally also estimate employment attributable to a sector. Employment is a fundamentally different measure of activity to those above. It measures the number of workers that are employed by the entity, rather than the value of the workers' output.

Direct and indirect contributions

The **direct** economic contribution is a representation of the returns to labour and capital in the company or sector that occurs for the entity in which the spending occurs – or in this case, that generated by the expenditure of Airbnb guests. The amount spent directly by Airbnb guests at local businesses represents revenue for those businesses. Each business employs workers and capital to provide goods or services to the Airbnb guest. The returns to labour (employee wages) and returns on capital (business owner's profits) associated with the Airbnb guests' spending comprises the direct economic contribution.

The **indirect** contribution is a measure of the demand for goods and services produced in other sectors as a result of demand generated by Airbnb-facilitated tourism. Estimation of the indirect economic contribution is undertaken in an input-output (IO) framework using Stats NZ IO tables which report the inputs and outputs of specific sectors of the economy.

The total economic contribution to the economy is the sum of the direct and indirect economic contributions.

Other measures, such as total revenue or total exports are useful measures of economic activity, but these measures alone cannot account for the contribution made to GDP. Such measures overstate the contribution to value added because they include activity by external firms supplying inputs. In addition, they do not discount the inputs supplied from outside New Zealand.

Limitations of economic contribution studies

While describing the geographic origin of production inputs may be a guide to a firm or industry's linkages with the local economy, it should be recognised that these are the type of normal industry linkages that characterise all economic activities.

Unless there is unused capacity in the economy (such as unemployed labour) there may not be a strong relationship between a firm's economic contribution as measured by value added (or other static aggregates) and the welfare or living standard of the community. The use of labour and capital by demand created from the industry comes at an opportunity cost as it may reduce the amount of resources available to spend on other economic activities. This is not to say that the economic contribution, including employment, is not important. As stated by the Productivity Commission in the context of Australia's gambling industries:⁴⁰

Value added trade and job creation arguments need to be considered in the context of the economy as a whole ... income from trade uses real resources, which could have been employed to generate benefits elsewhere. These arguments do not mean that jobs, trade and activity are unimportant in an economy. To the contrary they are critical to people's well-being. However, any particular industry's contribution to these benefits is much smaller than might at first be thought, because substitute industries could produce similar, though not equal gains.

In a fundamental sense, economic contribution studies are simply historical accounting exercises. No 'what-if', or counterfactual inferences – such as 'what would happen to living standards if the firm or industry disappeared?' – should be drawn from them.

The analysis – as discussed in the report – relies on a national IO table modelling framework and there are some limitations to this modelling framework. The analysis assumes that goods and services provided to the sector are produced by factors of production that are located completely within the region defined and that income flows do not leak to other regions.

The IO framework and the derivation of the multipliers also assume that the relevant economic activity takes place within an unconstrained environment. That is, an increase in economic activity in one area of the economy does not increase prices and subsequently crowd out economic activity in another area of the economy. As a result, the modelled total and indirect contribution can be regarded as an upper-bound estimate of the contribution made by the supply of intermediate inputs.

Similarly, the IO framework does not account for further flow-on benefits as captured in a more dynamic modelling environment like a Computable General Equilibrium (CGE) model.

Input-output analysis

Input-output tables are required to account for the intermediate flows between sectors. These tables measure the direct economic activity of every sector in the economy at the national level. Importantly, these tables allow intermediate inputs to be further broken down by source. These detailed intermediate flows can be used to derive the total change in economic activity associated with a given direct change in activity for a given sector.

A widely used measure of the spill-over of activity from one sector to another is captured by the ratio of the total to direct change in economic activity. The resulting estimate is typically referred to as 'the multiplier'. A multiplier greater than one implies some indirect activity, with higher multipliers indicating relatively larger indirect and total activity flowing from a given level of direct activity.

The IO matrix used for New Zealand is derived from the Stats NZ 2013 IO tables, the latest available IO data at the time of the analysis. The industry classification used for IO tables is based on the Australian and New Zealand Standard Industrial Classification (ANZSIC), with 106 sectors in the modelling framework.

Regional analysis

In order to understand the contribution of Airbnb at a regional level, a series of regional tables were developed for Auckland, Wellington, Christchurch and Queenstown, based on the national IO tables provided by Stats NZ. The areas used to create those tables were the respective regional council for each region:

- Auckland was defined using the Auckland Council
- Wellington was defined using the Wellington Regional Council
- Christchurch was defined using the Canterbury Regional Council
- Queenstown was defined using the Otago Regional Council.

These regional council areas were used rather than territorial council boundaries, due to the relative size of territorial councils compared to regional councils. Stats NZ employment data from the 2013 Census was used to estimate the proportion of economic activity in each region. For example, if 7 per cent of employment in *Horticulture and fruit growing* in New Zealand occurred within the Auckland region, then it was likewise assumed that 7 per cent of *Horticulture and fruit growing* wages, revenue, profit and overall production occurred in Auckland.

Thus employment was used as a proxy for all economic activity, allowing for the creation of four regional tables. The resulting tables display intuitive results; for instance, the Auckland table has a larger multiplier effect for the finance industry compared agricultural industries, as more finance activity and inputs are based in urban areas.

A key assumption of the regional tables is that although the size of production in different industries can vary with regions, the production structure within an industry is constant. That is, while Christchurch may produce more paper products than Queenstown, the ratio of wages to revenue to inputs in paper production is the same in both regions.

These regional tables were then augmented to account for the fact that inputs are more likely to be sought from within a region rather than distant parts of New Zealand. The approach to doing this is outlined below.

Proximity assumption in the regional IO model

All else equal, industries and businesses are more likely to purchase inputs from other businesses close to them. Buying local leads to lower transport costs and lower search costs for finding suppliers.

The regional IO models were tailored in two ways to account for these effects. First, a parameter was added to the model to account for a degree of preference for local suppliers, based on the degree of local region preference shown in Deloitte Access Economics' in-house Australian regional model. It was assumed that all being else equal, businesses purchase 45 per cent of more of their inputs from within their region than would be implied by their share of national industry employment where they have sufficient capacity within the local region to meet the demand for intermediate inputs in that industry.

Secondly, due to the relatively small size of some of the regions analysed, the estimated expenditure by Airbnb guests and the flow-on expenditure of businesses in the supply chain could be a significant proportion of a region's industrial capacity. It was assumed that if the estimated demand comprised a very large proportion of the local industry's supply, then the supply would be outsourced to other regions, tempering the 'buy local' preference parameter in the model.

Endnotes

1. Ministry of Business, *Innovation & Employment, Monthly Regional Tourism Estimates* (22 February 2018) <<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates>>
2. Ministry of Business, *Innovation & Employment, Tourism Satellite Account* (13 December 2017) <<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/tourism-satellite-account>>
3. Iis P. Tussyadiah and Juho Pesonen, 'Impacts of Peer-to-Peer Accommodation Use on Travel Patterns' (2016) 55(8) *Journal of Travel Research* 1022
4. Deloitte Access Economics, *The sharing economy and the Competition and Consumer Act* (2015) <<https://www.accc.gov.au/system/files/Sharing%20Economy%20-%20Deloitte%20Report%20-%202015.pdf>>
5. Ministry of Business, Innovation & Employment, above n 1
6. Ministry of Business, *Innovation & Employment, Tourism Satellite Account* (13 December 2017) <<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/tourism-satellite-account>>; Stats NZ, National accounts (industry production and investment): Year ended March 2016 (24 November 2017) <<https://www.stats.govt.nz/information-releases/national-accounts-industry-production-and-investment-year-ended-march-2016>>; Stats NZ, Household Expenditure Statistics: Year ended June 2016 (2 December 2016) <http://archive.stats.govt.nz/browse_for_stats/people_and_communities/Households/HouseholdExpenditureStatistics_HOTPYeJun16.aspx>
7. Ibid
8. Note that this payment is not assumed to create any direct employment within the Stats NZ IO tables, meaning that Airbnb hosts are not included in the overall employment figures
9. Stats NZ, *National Accounts input-output tables: Year ended March 2013* (29 April 2016) <http://archive.stats.govt.nz/browse_for_stats/economic_indicators/NationalAccounts/input-output%20tables-2013.aspx>; Stats NZ, 2013 Census – Work and unpaid activities (14 April 2015) <<http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE8210&ga=2.80904979.582739119.1520462167-1216365477.1515474262>>
10. Ibid
11. Stats NZ, above n 9.
12. Ministry of Business, Innovation & Employment, above n 1
13. Ministry of Business, Innovation & Employment and Stats NZ, above n 6
14. Stats NZ, above n 9
15. Ministry of Business, *Innovation & Employment, Tourism Satellite Account* (13 December 2017) <<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/tourism-satellite-account>>
16. Ministry of Business, *Innovation & Employment, Key Tourism Statistics* (15 February 2018) <<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/documents-image-library/key-tourism-statistics.pdf>>
17. New Zealand Trade & Enterprise, Investment statistics <<https://www.nzte.govt.nz/investment-and-funding/investment-statistics>>
18. Stats NZ, *Accommodation survey: December 2017* (15 February 2018) <<https://www.stats.govt.nz/information-releases/accommodation-survey-december-2017>>
19. Ministry of Business, Innovation & Employment, above n 1
20. Stats NZ, above n 18
21. Ministry of Business, *Innovation & Employment, New Zealand Tourism Forecasts 2017-2023* (2017) <<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/international-tourism-forecasts/documents-image-library/forecasts-2017-report-final.pdf>>
22. Ministry of Business, Innovation & Employment, above n 1
23. Stats NZ, above n 18
24. Deloitte, *National Tourism Infrastructure Assessment* (commissioned by Tourism Industry Aotearoa, April 2017) <<https://tia.org.nz/assets/Uploads/Major-study-identifies-tourism-infrastructure-priorities2.pdf>>
25. HomeAway, *HomeAway Expands Asia Pacific Presence with Acquisition of Bookabach* (6 November 2013) <<https://www.homeaway.com/info/media-center/press-releases/2013/homeaway-expands-asia-pacific-presence-with-acquisition-of-bookabach>>

26. See, e.g., Impression Real Estate Ltd, Short term rental listings <<https://impression.co.nz/short-term-rentals>>
27. As measured for the Queenstown Regional Tourism Organisation (RTO). The Queenstown RTO incorporates the following local authorities: part of the Queenstown-Lakes District
28. Stats NZ, *International visitor arrivals to New Zealand: December 2017* (7 February 2018) <<https://www.stats.govt.nz/reports/international-visitor-arrivals-to-new-zealand-december-2017>>
29. Stats NZ, above n 18
30. Stats NZ, *Commercial Accommodation Monitor: November 2017 - Queenstown* (2018) <<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/accommodation-survey/current-months-rto-reports/south-island-regional-reports/queenstown.pdf>>
31. Colliers International, *New Zealand hotel market snapshot – Oct 2017* (2017) <<http://www.colliers.co.nz/find%20research/hotels/new%20zealand%20hotel%20market%20snapshot%20october%202017/>>
32. New Zealand Trade & Enterprise, Open: *New Zealand hotels – an attractive time to invest* (2016) <<https://www.nzte.govt.nz/-/media/NZTE/PDFs/Hotel-Investment-Attraction-PDF.pdf>>
33. Deloitte, above n 24
34. Tourism New Zealand, *Four Year Strategic Plan* (2017) <<https://www.tourismnewzealand.com/news/tourism-new-zealand-freshens-up-four-year-strategy/>>
35. Tourism Industry Aotearoa, *Tourism 2025 – Two Years On* (2016) <<http://www.tourism2025.org.nz/assets/Documents/TIA-T2025-Doc-NewLogo.pdf>>
36. Ibid
37. Ministry of Business, Innovation and Employment, *Tourism Strategy* (2016) <<http://www.mbie.govt.nz/info-services/sectors-industries/tourism/documents-image-library/folder-tourism-strategy/tourism-strategy-summary-2016.pdf>>
38. Deloitte, above n 24
39. Queenstown Lakes District Council, *Economic Development Strategy* (February 2015) <<http://www.qldc.govt.nz/assets/Uploads/Council-Documents/Strategies-and-Publications/Queenstown-Lakes-Economic-Development-Strategy-Consultation-Document.pdf>>
40. Productivity Commission, Australia's Gambling Industries (Report No 10, 1999) 4.19.

Authors



John O'Mahony
Partner
Deloitte Access Economics
+61 2 9322 7877
joomahony@deloitte.com.au



Linda Meade
Partner
Deloitte Access Economics
+64 4 472 1677
lmeade@deloitte.co.nz



Aaron Hill
Director
Deloitte Access Economics
+61 8 8407 7130
aahill@deloitte.com.au



Mary Kilkelly
Associate Director
Deloitte Access Economics
+64 (0) 4 470 3732
MaKilkelly@deloitte.co.nz



Elizabeth Alvaro
Senior Analyst
Deloitte Access Economics
+61 8 8407 7093
ealvaro@deloitte.com.au



Becky Burgess
Analyst
Deloitte Access Economics
+64 (0) 4 831 2464
reburgess@deloitte.co.nz

Limitation of our work

General use restriction

This report is prepared solely for the use of Airbnb Australia Pty Ltd. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of set out in our engagement letter dated 1 December 2017. You should not refer to or use our name or the advice for any other purpose.





Deloitte.

Access Economics

Contact us

Deloitte Access Economics

ACN: 149 633 116

Level 14, 225 George Street

Sydney NSW 2000

Tel: +61 2 9322 7000

Fax: +61 2 9322 7001

Deloitte Access Economics is Australia's pre-eminent economics advisory practice and a member of Deloitte's global economics group. For more information, please visit our website

www.deloitte.com/au/deloitte-access-economics

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

The entity named herein is a legally separate and independent entity. In providing this document, the author only acts in the named capacity and does not act in any other capacity. Nothing in this document, nor any related attachments or communications or services, have any capacity to bind any other entity under the 'Deloitte' network of member firms (including those operating in Australia).

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 244,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 7000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2018 Deloitte Touche Tohmatsu

MCBD_HYD_03/18_055411