

Vic AIA Survey Report

Overview

Vic AIA conducted a survey with 81 independent accommodation operators across Australia. It was sent via survey monkey to the AIA's database of members; answers were collected from April 4 to 6, 2017.

The aim was to build a snapshot of the average operator and their industry, as well as gather data about who typically stays with respondents: where guests stay, the duration, and whether these customers were responsible for any police interventions or breach notices over the past 12 months.

Vic AIA also wanted to find out whether operators were aware of the detail within the proposed legislation and understand their belief in any potential impacts on their business.

Summary of findings

Over the last 12 months, most of the survey respondents operated less than 10 properties, pointing to a boutique industry of small business owners.

The majority of respondents reported guest stays of seven days or less, placing them within the reach of the proposed legislation.

Respondents told us that they had 1,096 properties under operation, with most reporting an annual average occupancy rate of greater than 50 per cent.

Police interventions for the total group tallied seven incidents, representing 0.0017 per cent of occupied rooms over the last 12 months.

There were 11 breach notices for operators whose properties fell under an owners' corporation arrangement, representing .0027 per cent of occupied rooms over the last 12 months for this group.

The survey suggests that figures for police interventions and breach notices were decidedly low over the past 12 months.

When it comes to the proposed legislation, more than 60 per cent of operators were unaware of the most of detail contained in the legislation, including potential VCAT financial and/or civil penalties for residents, guests and operators.

When informed of the detail, ninety-three per cent were concerned that the proposed legislation could expose them to financial risk, which could motivate 63 per cent to close their business if the legislation were introduced.

They could all see the potential for a negative impact on the jobs of their contractors and employees, most of whom earn below full-time adult average earnings.

Survey Results

Profile of operators

- **The majority of survey respondents (70 per cent) operated less than 10 properties.**
 - 43 per cent of owners operated one property.
 - 27 per cent operated between one and 10 properties.
 - 25 per cent operated between 10 and 50 properties.
- The average total number of properties listed for all respondents was 1,096.

Average occupancy rate

- **The majority of survey respondents (88 per cent) had an average annual occupancy rate of more than 50 per cent.**
 - 48 per cent were 50-80 per cent occupied during the year.
 - 39 per cent were 80-100 per cent occupied.
 - 10 per cent were 30-50 per cent occupied.
 - 3 per cent were 1-30 per cent occupied.

Average length of stay

- **The majority of survey respondents (80 per cent) reported an average length of stay of seven nights or less.**
 - 60 per cent had an average stay of 4-7 nights.
 - 20 per cent had an average stay of 1-3 nights.
 - 16 per cent had an average stay of 7-14 nights.
 - 1 per cent had an average stay of 14-21 nights.
 - 1 per cent had an average stay of 21-30 nights.
 - 1 per cent 30 plus nights.

Police Interventions over the last 12 months

- 7 police interventions were reported across all survey respondents.
- **As a percentage of occupied properties, the police intervention percentage was .0017 per cent.**

Breach notices over the last 12 months

- 11 breach notices were reported across survey respondents whose properties fall under an owners' corporation arrangement.
- **As a percentage of occupied rooms, the breach notice percentage was .0027 per cent.**

Further statistics

Location of properties

Some operators have properties across multiple locations, adding up to more than 100 per cent

- Melbourne suburbs: 59 per cent
- Melbourne CBD: 44 per cent
- Docklands: 15 per cent
- Victorian country: 10 per cent

Owning versus leasing

Some operators have multiple properties with different management structures, adding up to more than 100 per cent

- Own: 72 per cent
- Lease: 35 per cent
- Fee-based management: 25 per cent

Hosted or unhosted stays

Some operators have multiple properties with different hosting structures, adding up to more than 100 per cent

- Unhosted: 67 per cent
- Hosted: 33 per cent

Whole home or room

Some operators have multiple properties with different room offerings, adding up to more than 100 per cent

- Private whole home or apartment: 88 per cent
- Private room with home: 12 per cent

Where guests come from - ranked

1. Interstate
2. International
3. Country Victoria
4. Metro Melbourne

Types of guests that stay - ranked

1. Couples
2. Families
3. Solo travellers
4. Other

Staff or contractors

- Contractors only: 65 per cent
- Staff and contractors: 26 per cent
- Staff only: 9 per cent

Average hourly rate of staff

- \$25-\$35 per hour: 26 per cent
- \$15-\$25 per hour: 15 per cent
- Prefer not to say: 18.31 per cent
- More than \$36 per hour: 11 per cent

Attitudes

Understanding of proposed legislation

- 60 per cent of survey respondents didn't know that VCAT could potentially issue compensation of \$2,000 per incident in a short-stay apartment.
- 54 per cent didn't know that VCAT could potentially prohibit short stays operating within an apartment if it received breaches.
- Approximately 65 per cent didn't know that VCAT could potentially charge civil penalties of up to \$1,100 to guests or that tenants, former owners, agents and others could potentially issue proceedings against them.
- 62 per cent didn't know that these penalties could potentially only be applied to short-stay operators and guests and not other tenants or building users.

Attitudes to consequences of legislation

- The majority of respondents (93 per cent believed) the proposed legislation would expose them to a high degree of financial risk.
- A minority (7 per cent) had a neutral opinion of the degree of exposure to financial risk.
- 63 per cent of respondents would consider closing their operation if this legislation were passed.
- 24 per cent were undecided.
- 12.5 per cent would not consider closing their business.

Survey Comments

"I am concerned that this legislation is being pushed through with almost no consultation with stakeholders. This impulsive legislation would cause serious financial hardship to tourism, landlords, tourists, owners of tourism-related businesses, accommodation providers and every retailer in the city. "

"This all sounds unnecessary, the State already has laws that control conduct which have worked well for years. It is wrong to apply a different set of rules for one group of apartment owners and a different one for normal renters or self occupiers."

"Our long term tenants have caused far more problems (late rent, noise complaints, police visits) than our short term tenants and trying to do anything to get rid of them is very difficult. I agree that rogue operators need to be stopped but this bill assumes that all short term hosts are doing the wrong thing. I, as an owner of the property, also think that this bill undermines my rights as a property owner."

"How unjust is it to apply these laws to our business (types) and not regular tenants as surely they can cause the same issues if not worse and what are they putting in

place to stop another owner from being biased and just making such complaints without substance.”

“We only have 2 properties. But we are considering going down to 1 due to the fear of this legislation. Our situation, we live in the country but are both professionals working in the CBD. We were thinking of having just one property to stay in.”

“We have been here 5 years without any issues in the apartment complex. We employ 8 staff and deal with numerous contractors. We have apartment owners who prefer to rent their apartments to us as they have had lots of problems with leasing them to long term tenants. We are concern that this new legislation will disrupt future business.”

“As the owner of my apartment, I should be free to decide who I have living there so long as they abide by general laws governing acceptable behaviour. I should not be penalised or disadvantaged by using my property for any particular period of letting - long or short!”

“The hype around short term accommodation has to subside, and it needs planning regulation and operational regulation. Hosts should not have free reign to do what they want, when they want. Regardless of how small a host might feel themselves to be, accommodation hosting is a commercial venture not a cottage industry, and guests and hosts (and their properties) both (all) need to be protected from exploitive and criminal opportunists. In addition to this, the amenity of a neighbourhood needs to be protected so that residents have recourse against bad behaviour of people. We fully support regulation from VCAT and local councils, in addition to industry bodies.”

“I have just come back from overseas and hadn't been keeping up with everything. I wasn't aware of some of the changes proposed. As far as Owners Corporations go, they should not be given any more powers. I am on an Owners Corp committee, and honestly it is just made up of volunteers, some who have no idea and not committed.”