



Queenstown Lakes District Proposed District Plan

Section 32 Evaluation

Stage 2 Components October 2017

For:

Visitor Accommodation

Chapter 2 Definitions

And consequential Variations to Proposed District Plan

26 August 2015

Report dated: 2 November 2017

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1. EXECUTIVE SUMMARY

- 1.1. The visitor accommodation provisions and associated definitions seek to establish an appropriate regulatory response to Visitor Accommodation (VA) activities in the District's residential zones based on an evaluation of the appropriateness of objectives and reasonably practicable options, assessing the efficiency and effectiveness of provisions and assessing their associated benefits, costs and risks. The VA provisions were withdrawn from the High, Medium and Low Density Residential zones as well as the Arrowtown Residential Historic Management Zone and the Large Lot Residential Zones of the Proposed District Plan (PDP) during Stage 1 of the PDP on 23 October 2015¹.
- 1.2. Specific attention is given to addressing the use of residential dwellings/units for short term visitor accommodation activities, particularly, adverse effects on residential housing supply and affordability. This type of activity involves the short term letting of residential dwellings or units to visitors primarily through the use of online rental platforms such as Airbnb and Bookabach.
- 1.3. The proposed provisions and definitions will assist the Council to fulfil its statutory functions and responsibilities as required by the Resource Management Act 1991 (the Act or the RMA) through the following objectives, policies and rules:
 - (a) Objectives that recognise the contribution of visitor accommodation activities to social and economic wellbeing, and continue to provide for it in the most efficient and effective way;
 - (b) Objectives that recognise the adverse socio-economic and environmental effects which arise from the proliferation of visitor accommodation activities within predominantly residential areas, including those related to housing availability, affordability, residential cohesion and character, amenity, as well as traffic and parking;
 - (c) Policies that address the varying scales and geographic distribution of visitor accommodation activities and their potential effects;
 - (d) Rules that set clear limits on the scale, nature and location of visitor accommodation activities to ensure their adverse effects are managed;

2. INTRODUCTION

- 2.1. Section 32 of the Act requires objectives in plan change proposals to be examined for their appropriateness in achieving the purpose of the Act, and the policies and methods of those proposals to be examined for their costs, benefits, efficiency, effectiveness and risk in achieving the objectives. Accordingly, this report provides the following:

¹ See further background information in section 3 of this report

- A **background** to the context of visitor accommodation activities and provisions in the District;
- A description of the **statutory policy context** which sit behind the proposed provisions and review process;
- A description of the **drivers of residential visitor accommodation activities** and the resulting **resource management issues**;
- An evaluation of the **scale and significance** of the proposed provisions **(s32(1)(c))**;
- An **evaluation of the proposed objectives against section 32(1)(a)**;
- An **evaluation of the proposed provisions against section 32(1)(b)** and;
- An **assessment associated with the risk of not acting (s32(2)(c))**

2.2. Visitor accommodation refers to the use of land or buildings for short-term, fee paying living accommodation where the length of stay is less than 3 months. This activity inherently includes a commercial component as it involves fee paying guests using land and buildings for the purpose of short term living. VA is defined under the PDP, and this definition is also proposed to be amended to align with the new regulatory approach. Amendments to the definitions have a number of consequential effects on way VA activities are treated in those PDP zones which were notified as part of Stage 1 of the PDP.

2.3. Visitor accommodation activities may take on a number of different forms, including but not being limited to:

- Commercial Visitor Accommodation - Traditional larger scale accommodation operation such as hotels, motels, backpackers, hotels and camping grounds
- Residential Visitor Accommodation - Owners and/or occupiers of privately owned residential dwellings renting shared rooms, private rooms or entire homes to short term visitors to the District.
- 'Registered Homestays' (as defined under the ODP) - Where guests stay with the property owner within their privately owned residential dwelling or unit
- 'Registered Holiday Homes' (as defined under the ODP) - Where a privately owned stand-alone residential dwelling is let out.

2.4. To help understand the role of residential VA activities in the District's housing market, the Council commissioned Infometrics² to conduct a study focusing primarily on the peer-to-peer lending platform Airbnb. This study was completed in October 2017 and is attached to this report as Appendix 1. It illustrates the growth, distribution, scale, and intensity of residential VA activities being undertaken in the District and provides an important part of the evidential basis upon which the proposed VA provisions have been developed.

² Infometrics, Measuring the scale and scope of Airbnb in Queenstown-Lakes District, October (2017)

- 2.5. The Infometrics study used data obtained from a third party provider that analyses activity on the Airbnb website and illustrates that a significant portion of the District's housing stock is currently used for VA activity. Infometrics have estimated that residential VA occupies around 5,000 dwellings (based on Airbnb, Bookabach and Holiday Homes listings) and Airbnb (which is the overwhelmingly dominant player in this area) occupies 14% of the District's housing stock in the June 2017 quarter.
- 2.6. Residential VA activities have a range of potential adverse effects which the Council must identify and manage. The context of the District's high growth rates, high rental and housing costs and limited housing availability described in further detail in this evaluation, are seen as being exacerbated by high rates of residential VA. Other possible effects include additional demands placed on the District's infrastructure services, traffic and parking, effects on residential amenity (such as noise and nuisance effects generated by visitor movements), and the general erosion of residential cohesion and character. Examination of nuisance and character issues has considered previous investigations of residential character of different areas, complaints data and data on enforcement actions. This examination shows the District is growing and changing in ways that some find uncomfortable but this is not the same as evidence of highly problematic adverse effects. Very few complaints about Airbnb are received by the Council and the issue about residential amenity and character is more one of cumulative adverse effects on a combination of the attributes that make up residential character and amenity. It is notable that these affects are nevertheless contrary to the stated objectives of the zones and are being experienced in a variety of different areas.

3. BACKGROUND

District Plan Review

- 3.1. The District Plan review is being undertaken in stages. Stage 1 commenced in April 2014 and was publicly notified on 26 August 2015. Hearings on Stage 1 components comprising ten individual hearing streams for 33 chapters, 1 variation³ and three separate hearing streams for rezoning requests and mapping annotations⁴ were held from March 2016 to September 2017.
- 3.2. Visitor accommodation provisions, comprising a set of objectives, policies and rules were initially included within those chapters of the PDP which were notified as part of Stage 1 on 26 August 2015. They were however subsequently withdrawn from the Low, Medium and High Density Residential zones, Arrowtown Residential Historic Management Zone, and Large Lot

³ Variation 1 – Arrowtown Design Guidelines (2016)

⁴ Ski Area Sub Zones, Upper Clutha Area and the Queenstown Area (excluding the Wakatipu Basin).

Residential Zone by Council resolution on 22 October 2015⁵. The provisions were withdrawn from Stage 1 for the following reasons:

- Provides greater public certainty as to Council's position;
- Removes the potential perceptions of inconsistency and uncertainty in Council's approach;
- Allows for a more in-depth and robust study and analysis of issues and policy options, and for potential non-statutory consultation with key stakeholders

3.3. At the time of writing this report only one decision has been released by the independent commissioners hearing panel on zones and provisions notified as part of the Stage 1 review, being the Millbrook Resort Zone. This zone is now open to appeals. Therefore, this Stage 2 VA review cannot anticipate what panel recommendations, and subsequently the Council's decision might be, in terms of notifying zone specific standards.

4. PURPOSE OF THE REPORT

4.1. Section 32 of the Act requires objectives in plan change proposals to be examined for their appropriateness in achieving the purpose of the Act, and the policies and methods of those proposals to be examined for their efficiency, effectiveness and risk in achieving the objectives. This report fulfils the obligations of the Council under section 32 of the Act. The analysis set out below should be read together with the text of proposed visitor accommodation provisions and the associated definitions.

5. STATUTORY POLICY CONTEXT

Resource Management Act 1991

5.1. The statutory framework for preparing a district plan (change), and assessing the merits of the application of provisions, is set out in Part 2, sections 31, 32 and 72 to 76 of the RMA.

5.2. **Part 2** of the RMA (through sections 5 to 8) sets out the purpose and principles of the Act, which requires an integrated planning approach and direction to promote the sustainable management of natural and physical resources. A district plan, through the development of objectives, policies and methods must achieve the purpose of the Act. Section 5 of the RMA is stated below:

⁵ Order Paper for Council (22 October 2015)

5 Purpose

- (1) *The purpose of this Act is to promote the sustainable management of natural and physical resources.*
- (2) *In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—*
 - (a) *sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
 - (b) *safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and*
 - (c) *avoiding, remedying, or mitigating any adverse effects of activities on the environment.*

5.3. **Section 6** of the RMA sets out ‘matters of national importance’ that need be recognised and provided for in making decisions. Depending on the location in which visitor accommodation occurs, some of these matters of national importance, such as the protection of outstanding natural features and landscapes, will be relevant. The strategic and district wide provisions of the PDP, developed through Stage 1 of the review, set the framework for these matters of national importance, however the provisions for VA must have regard to this framework and its integration with the planning provisions for individual zones and/or locations:

5.4. **Section 7** lists ‘other matters’ that Council shall have particular regard to when making decisions. Those considered to be of most relevance to VA activities including the following:

- (b) *the efficient use and development of natural and physical resources:*
- (c) *the maintenance and enhancement of amenity values:*
- (f) *maintenance and enhancement of the quality of the environment:*
- (g) *any finite characteristics of natural and physical resources:*

5.5. **Section 8** requires that Council take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi). The principles as they relate to resource management derive from Te Tiriti o Waitangi itself and from resource management case law and practice. They can be summarised as follows:

- a) That there must be active protection of the partnership between the two parties;
- b) That there is an obligation to act with reasonableness and good faith, with both parties being prepared to compromise;
- c) That dialogue and consultation will be the main way in which to give effect to the three principles outlined above.

The provisions in Chapter 5 (Tangata Whenua) of the Proposed District Plan, developed through Stage 1 of the review, provide the framework to achieve section 8 of the RMA.

- 5.6. **Section 31** of the RMA outlines the functions of territorial authorities as they relate to the contents and purpose of a district plan and is outlined below (relevant areas underlined to emphasise the provisions relevant to this evaluation). It is noted that s31 was amended in September 2017⁶ to include the new (aa) below:

31 Functions of territorial authorities under this Act

- (1) *Every territorial authority shall have the following functions for the purpose of giving effect to this Act in its district:*
 - (a) *the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the district:*
 - (aa) *the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the district:*
 - (b) *the control of any actual or potential effects of the use, development, or protection of land, including for the purpose of—*
 - (i) *the avoidance or mitigation of natural hazards; and*
 - (ii) *the prevention or mitigation of any adverse effects of the storage, use, disposal, or transportation of hazardous substances; and*
 - (iia) *the prevention or mitigation of any adverse effects of the development, subdivision, or use of contaminated land:*
 - (iii) *the maintenance of indigenous biological diversity:*
 - (c) *[Repealed]*
 - (d) *the control of the emission of noise and the mitigation of the effects of noise:*
 - (e) *the control of any actual or potential effects of activities in relation to the surface of water in rivers and lakes:*
 - (f) *any other functions specified in this Act.*
- (2) *The methods used to carry out any functions under subsection (1) may include the control of subdivision*

- 5.7. The proposed VA objectives help to achieve the integrated management of natural and physical resources and the purpose by enabling VA in zones where this activity supports the strategic direction of the PDP and the objectives for the zone, and restricting more intensive commercial VA in predominantly residential environments. This approach assists in managing potential effects of VA, such as traffic, noise and amenity values.

⁶ Resource Management Amendment Act (2017)

5.8. The provisions also implement **s31(aa)** above in giving effect to the purpose of the Act, both through mechanisms to protect housing availability for long term rental or residential use, and also through enabling VA in circumstances that contribute to demand from population growth and growth of visitor numbers and their associated accommodation needs. Definitions relevant to **s31(aa)** are contained in s30. It is considered that VA falls within both a type of 'housing' and a type of development capacity that is required to be provided for, as VA within an urban environment is considered to be 'urban development'. The provisions balance the effects of VA on reducing housing supply, whilst also enabling VA of an appropriate scale and location to meet demand for tourism accommodation.

5.9. The proposed approach to the management of visitor accommodation in the PDP is integrated with and complementary to the Otago Regional Council's functions pursuant to section 30 of the Act, associated with the following components of s 30 in particular:

- (a) **s30(a)** the establishment, implementation, and review of objectives, policies, and methods to achieve integrated management of the natural and physical resources of the region
- (b) **s30(b)** the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in relation to housing and business land to meet the expected demands of the region.

5.10. **Section 32** of the RMA sets out the requirements for preparing this evaluation report. An evaluation prepared under this section requires objectives in plan change proposals to be examined for their appropriateness in achieving the purpose of the Act, and the policies and methods of those proposals to be examined for their costs, benefits, efficiency, effectiveness and risk in achieving the objectives. This evaluation is undertaken throughout this report.

5.11. Section 32 was amended in September 2017 to include Changes to Māori participation, to require that Councils must engage with iwi authorities on draft plans and policy statements prior to notification (sch 1 clause 4A), and must consider iwi authority advice in section 32 evaluation reports. Iwi authorities were notified by letter of the timing of this review and plan change proposals and were invited to meet and/or provide comments. No responses have been received at the time of writing this report.

Local Government Act 2002

5.12. Sections 14(c), (g) and (h) of the Local Government Act 2002 (LGA) set out the principles that territorial authorities must follow in performing its role, and are of relevance in terms of policy development and decision making:

- (c) *when making a decision, a local authority should take account of—*

- (i) *the diversity of the community, and the community's interests, within its district or region; and*
 - (ii) *the interests of future as well as current communities; and*
 - (iii) *the likely impact of any decision on the interests referred to in subparagraphs (i) and (ii):*
- (g) *a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets; and*
- (h) *in taking a sustainable development approach, a local authority should take into account—*
- (i) the social, economic, and cultural interests of people and communities; and*
 - (ii) the need to maintain and enhance the quality of the environment; and*
 - (iii) the reasonably foreseeable needs of future generations*

5.13. The LGA emphasises a strong intergenerational approach, considering not only current environments, communities and residents but also those of the future. It demands a future focussed policy approach, balanced with considering current needs and interests. Like the RMA, the provisions also emphasise the need to take into account social, economic and cultural matters in addition to environmental ones.

5.14. Having regard to these provisions, the approach through this review is to provide a balanced framework in the District Plan for the regulation of VA, which is able to protect the housing needs of current and future generations, whilst also adequately providing for the accommodation needs of tourism growth. Furthermore, no less important is the need to ensure the provisions are presented in a manner that is clearly interpreted to facilitate effective and efficient District Plan administration.

Other National Legislation or Policy Statements

5.15. When preparing district plans, (under s75) district councils must *give effect to* any National Policy Statement (NPS). There are 5 National Policy Statements that are in effect:

- (a) National Policy Statement on Urban Development Capacity 2016;
- (b) National Policy Statement for Freshwater Management 2014;
- (c) National Policy Statement for Renewable Electricity Generation 2011;
- (d) National Policy Statement on Electricity Transmission 2008; and
- (e) New Zealand Coastal Policy Statement 2010.

5.16. A National Policy Statement for Indigenous Biodiversity is in draft form. The National Policy Statement of most relevance to VA is the National Policy Statement on Urban Development Capacity 2016. This is discussed in more detail below.

National Policy Statement on Urban Development Capacity (NPS-UDC)

5.17. The NPS-UDC came into force on 1 December 2016. The NPS-UDC has an overall intention to require local authorities to provide sufficient residential and business land capacity over the short (0-3 years), medium (3-10 years) and long term (10-30 years) to enable urban environments to grow and change. This is supported by new sections 30 and 31(aa) RMA 1991 which require as part of councils function in achieving Part 2, Council's to ensure sufficiency of supply of housing and business land.

5.18. Queenstown is identified as a 'High Growth Urban Area' and the NPS-UDC applies to the District as a whole. In accordance with the NPS-UDC, amongst other things the Council is required to:

- (a) begin to monitor indicators under policy PB6 by June 2017;
- (b) begin to use indicators of price inefficiency under policy PB7 by 31 December 2017;
- (c) complete the housing and business development capacity assessment under policy PB1 by 31 December 2017; and
- (d) produce the future development strategy under policies PC12 to PC14 by 31 December 2018.

5.19. In a Queenstown context, the provisions of the NPS-UDC are considered to apply to VA, both as a use of, and demand on housing, and also as a business activity (for example commercial hotels and motels). Below is a discussion of the key objectives and policies of the NPS-UDC and its relevance to VA.

Objectives:

5.20. The objectives of the NPS apply to all local authorities. There are four groups of objectives relating to their purpose, these are '*outcomes for decision making*', '*evidence and monitoring*', '*responsive planning*', and '*coordinated evidence and decision making*'.

5.21. Overall the objectives outline the process to be followed under the NPS and the key outcomes sought. Together they indicate a need to better understand urban environments, adapt to change, and enable sufficient capacity for housing and business. Although the provision of capacity for housing and business is a key aim of the NPS UDC, its objectives (and policies) do not solely focus on the provision of capacity at all costs. The monitoring, reporting and responsive planning requires consideration of the capacity and demand for housing and business land, as well as achieving effective and efficient urban environments that provide for 'choice' and the appropriate locations for urban development. The NPS UDC does not override or derogate from the normal statutory tests for any plan change, rather, they should form an

important part of a section 32 analysis alongside other relevant matters set out within the hierarchy of planning documents.

For example, OA1 and OA2 of the NPS state:

OA1 Effective and efficient urban environments that enable people and communities and future generations to provide for their social, economic, cultural and environmental wellbeing

OA2 Urban environments that have sufficient opportunities for the development of housing and business land to meet demand, and which provide choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses.

5.22. OA1 highlights the need to enable efficient urban environments that provide for the 'four wellbeing's'. OA2 focuses on the provision of sufficient capacity to meet demand, balanced with the need to provide for a range of housing choices and with consideration to present and future generations.

5.23. The VA provisions are considered to give effect to these objectives, as the increased restriction on standalone 'holiday home' type VA in urban zones (as a NC activity) will ensure that residential use of housing supply is protected; while low intensity use of residential housing (i.e. Homestay or restricted letting of whole house units) for VA is enabled at a scale which is considered to be appropriate to provide for choices, provide for social, economic, cultural and environmental wellbeing, whilst also serving a portion of demand for tourism accommodation.

5.24. OA3 and OC2 reflect the ongoing nature of monitoring, assessments and responsive planning required by the NPS-UDC; referencing urban environments and a planning response that develops and changes, over time.

OC2 of the NPS states:

Local authorities adapt and respond to evidence about urban development, market activity and the social, economic, cultural and environmental wellbeing of people and communities and future generations, in a timely way.

5.25. OC2 highlights that planning should respond to information about the market, to provide for the wellbeing of current and future generations. The VA provisions are considered to give effect to this objective through an approach which responds to current information about the price and supply of housing, and the impact that the use of residential housing as VA has on both of these factors.

Policies

5.26. Policies PA1 to PA4 implement OA1 to OA3 (outcomes for planning decisions) and are the most directly relevant to planning decisions:

PA1: Local authorities shall ensure that at any one time there is sufficient housing and business land development capacity according to the table below:

Short term	Development capacity must be feasible, zoned and serviced with development infrastructure.
Medium term	Development capacity must be feasible, zoned and either: • serviced with development infrastructure, or • the funding for the development infrastructure required to service that development capacity must be identified in a Long Term Plan required under the Local Government Act 2002.
Long-term	Development capacity must be feasible, identified in relevant plans and strategies, and the development infrastructure required to service it must be identified in the relevant Infrastructure Strategy required under the Local Government Act 2002.

5.27. PA1 requires local authorities to ensure provision of sufficient and 'feasible' housing and business capacity; and identifies that capacity for the short and medium terms must be zoned in the PDP. At the time of notifying these VA provisions, housing and business assessments under the NPS-UDC (due December 2018) are still being prepared. However, evidence on the dwelling capacity of the PDP has been provided by the Council during stage 1 of the PDP review through hearing Stream 12 (Upper Clutha mapping) and Stream 13 (Queenstown Mapping).

5.28. The dwelling capacity evidence presented to the hearings panels for both streams 12 and 13 illustrates that there is sufficient feasible development capacity for residential development in the short, medium and long term to give effect to PA1. This analysis was based on dwelling demand figures which incorporated a portion of 'unoccupied dwellings' which reflected both vacant or empty houses, as well as houses used for visitor accommodation⁷. Population demand figures also account for predicted growth in tourism numbers.⁸

5.29. Specifically, the results of the analysis demonstrate that there is a projected dwelling demand of 4,711 in the Queenstown ward at 2028 (medium term) and an estimated feasible development capacity of 20,494 in the current PDP. In the Wanaka ward, there is a projected dwelling demand of 2,376 at 2028 (medium term) and an estimated feasible development

⁷ Para 7.6 to 7.8 <http://www.qldc.govt.nz/assets/Uploads/Planning/District-Plan/Hearings-Page/Hearing-Stream-13/Section-42A-Reports-and-Council-Expert-Evidence/Dwelling-Capacity-Evidence-received-19-June-2017/QLDC-13-Queenstown-Mapping-Kim-Banks-Supplementary-Statement-of-Evidence-29408407-v-2.pdf>

⁸ Statement Of Evidence Of Walter Antony Clarke On Behalf Of Queenstown Lakes District Council Growth Projections 19 June 2017 <http://www.qldc.govt.nz/assets/Uploads/Planning/District-Plan/Hearings-Page/Hearing-Stream-13/Section-42A-Reports-and-Council-Expert-Evidence/Dwelling-Capacity-Evidence-received-19-June-2017/QLDC-13-Queenstown-Mapping-Walter-Clarke-Evidence-Dwelling-Capacity-29408194-v-1.pdf>

capacity of 10,994⁹. The estimated feasible residential development capacity is therefore more than sufficient to meet the PA1 requirements for the short term (to 2021) and medium term (to 2028) in both Queenstown and Wanaka. These results demonstrate that there is sufficient zoned capacity for residential use to 2028, as required by PA1.

5.30. In terms of business land, the evidence presented for Stream 13 indicated that the Wakatipu Ward has sufficient commercial zoned land for the short and medium terms (to 2038). A shortage of 18.6ha in the Wakatipu ward is however predicted to occur in the long term between 2038 and 2048. These results demonstrate that there is sufficient zoned capacity for business use to 2028, as required by PA1.

5.31. The proposed VA provisions are considered to give effect to the NPS-UDC through the following:

- (a) Restricting the use of whole residential houses for visitor accommodation, therefore maintaining residential housing capacity within residential zones.
- (b) Enabling low intensity use of residential houses and residential flats for residential visitor accommodation and 'homestays', to provide for a portion of VA demand.
- (c) Providing for VA development within defined VA sub-zones, commercial or town centre transition overlays to provide for a portion VA demand.
- (d) Providing some scope, via resource consents, to establish other forms of VA within residential and rural zones.
- (e) Maintaining the enabling approach to all types of VA in town centres and the business mixed use zone established through Stage 1 chapters of the PDP.

5.32. The changes proposed to the regulation of VA will ensure that sufficient housing capacity is maintained for residential use. The provisions also give effect to OA2 in providing 'choices' and a range of 'dwelling types' through the enabling approach to Homestays, and for VA within commercial or town centre overlays and defined VA sub-zones.

PA2

PA2: Local authorities shall satisfy themselves that other infrastructure required to support urban development are likely to be available.

5.33. PA2 requires the integration of land use and infrastructure. The VA provisions will ensure that land in residential zones is used efficiently, which will assist in ensuring appropriate levels of demand on infrastructure services. Unless the scale of the visitor accommodation is very

⁹ Reply Of Philip Mark Osborne On Behalf Of Queenstown Lakes District Council Residential Capacity (6 October 2017) <http://www.qldc.govt.nz/assets/Uploads/Planning/District-Plan/Hearings-Page/Hearing-Stream-13/Council-Right-of-Reply/S0001-QLDC-T13-OsborneP-Residential-Capacity-Reply.pdf>

different to what has been observed, it is considered unlikely to create distinctly different demands on infrastructure to those of conventional residential activities in these zones.

PA3

PA3: When making planning decisions that affect the way and the rate at which development capacity is provided, decision-makers shall provide for the social, economic, cultural and environmental wellbeing of people and communities and future generations, whilst having particular regard to:

- a) Providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses;
- b) Promoting the efficient use of urban land and development infrastructure and other infrastructure; and
- c) Limiting as much as possible adverse impacts on the competitive operation of land and development markets.

5.34. PA3 highlight's the range of considerations to have regard to in providing for development capacity, including providing for wellbeing, a range of dwelling types, and limiting the effects of competitive development markets. The proposed regulatory approach gives effect to this policy through giving primacy to the residential use of dwellings (as opposed to commercial use) to improve housing supply and affordability. This approach may also limit adverse effects on the local development market whereby the extraordinary returns to be gained from carrying out VA in and around the District's outstanding natural landscapes and other attractive tourism offerings may be reduced, thus potentially reducing the attractiveness of housing as a speculative investment choice.

PA4

PA4: When considering the effects of urban development, decision-makers shall take into account:

- a) The benefits that urban development will provide with respect to the ability for people and communities and future generations to provide for their social, economic, cultural and environmental wellbeing; and
- b) The benefits and costs of urban development at a national, inter-regional, regional and district scale, as well as the local effects.

5.35. PA4 requires consideration of the benefits and costs of urban development, and its relationship to social, economic, cultural and environmental wellbeing. An evaluation of the costs and benefits of the proposed regulatory approach to VA in urban zones is contained later in this report. The proposed approach is reflective of the need to provide for limited forms of VA due to the social and economic benefits this provides locally, regionally, and nationally; but also

to limit its occurrence to an appropriate level which is able to maintain residential supply and provide access to more affordable housing.

5.36. Overall, the VA provisions are considered to give effect to the NPS-UDC.

Resource Management National Environmental Standards Regulations (NES)

5.37. National Environmental Standards (NES) are regulations made under the RMA that prescribe standards for specific activities most of which are not directly relevant to these provisions. When preparing district plans, (under s75) district councils must *give effect to* any relevant National Environmental Standard (NES). The NES have the effect of overriding district plans, unless otherwise stated within the NES. Section 43A (5) of the RMA states:

43A(5) If a national environmental standard allows an activity and states that a resource consent is not required for the activity, or states that an activity is a permitted activity, the following provisions apply to plans and proposed plans:

- (a) a plan or proposed plan may state that the activity is a permitted activity on the terms or conditions specified in the plan; and*
- (b) the terms or conditions specified in the plan may deal only with effects of the activity that are different from those dealt with in the terms or conditions specified in the standard; and*
- (c) if a plan's terms or conditions deal with effects of the activity that are the same as those dealt with in the terms or conditions specified in the standard, the terms or conditions in the standard prevail.*

5.38. There are currently 5 NES in effect:

- (a) National Environmental Standards for Air Quality
- (b) National Environmental Standard for Sources of Drinking Water
- (c) National Environmental Standards for Telecommunication Facilities
- (d) National Environmental Standards for Electricity Transmission Activities
- (e) National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health

A number of other proposed environmental standards are also in development, however none of these are directly relevant to visitor accommodation.

NES for Assessing and Managing Contaminants in Soil to Protect Human Health 2011 (NES-CS)

- 5.39. The NES-CS seeks to ensure that land affected by contaminants in soil is appropriately identified and assessed before it is developed to avoid risk to human health. This requires all territorial authorities to give effect to and enforce the requirements of the NES-CS. Information addressing the NES-CS can form part of the information required to be submitted for resource consent applications under Schedule 4 (2)(1)(g) and the consideration of applications under section 104 where appropriate.

NES Electricity Transmission Activities 2009 (NES-ETA)

- 5.40. The rules relating to the National Grid and to protecting the National Grid are located within PDP Stage 1 Chapter 30: Energy and Utilities. The PDP recognises this by cross referencing to Chapter 30 Energy and Utilities for any activities associated with the National Grid. These provisions will apply where any visitor accommodation activity is undertaken within or adjoining the national grid corridor.

Iwi Management Plans

- 5.41. When preparing or changing a district plan, Section 74(2A) of the RMA states that Council's must take into account any relevant planning document recognised by an iwi authority and lodged with the territorial authority, to the extent that its content has a bearing on the resource management issues of the district.

- 5.42. The following iwi management plans are relevant:

The Cry of the People, Te Tangi a Tauira: Ngāi Tahu ki Murihiku Natural Resource and Environmental Iwi Management Plan 2008 (MNRMP 2008)

- 5.43. Section 3.4 'Takitimu Me Ona Uri: High Country and Foothills' contains the following policies that are relevant to visitor accommodation:

Encourage consent and concession authorities to consider appropriate locations and durations for activities involving tourism, recreation and access to the high country. This includes assessing the long term and cumulative effects that the activity may have. Furthermore authorities should provide for the potential availability of improved techniques and processes that will reduce overall effects on high country landscapes.

Ensure that protocols are established to recognise for the accidental discoveries of cultural sites and material.

- 5.44. The proposed provisions take account of these policies through the development of a regulatory approach which enables low intensity forms of visitor accommodation in appropriate zones/locations, and managing the long term and cumulative effects of VA on housing supply

and amenity. The strategic provisions of the plan through Chapters 3 and 6 also assist with the protection of high country landscapes. Accidental discovery protocols are implemented via resource consent processes and conditions of consent.

Kāi Tahu ki Otago Natural Resource Management Plan 2005 (KTKO NRMP 2005)

5.45. Part 10: Clutha/Mata-au Catchments *Te Riu o Mata-au* outlines the issues, and policies for the Clutha/Mata-au Catchments. Included in this chapter is a description of some of the Kāi Tahu ki Otago values associated with the Clutha/Mata-au Catchments. Generic issues, objectives and policies for all catchments across the Otago Region are recorded in Chapter 5.

5.46. Many of the general objectives and policies relate generally to the use, management and protection of water and biodiversity, and are not directly applicable to visitor accommodation. However, the need to ensure appropriate management of discharges and the effects of land use on water quality is a relevant consideration to any change of land use, whether rural or urban. This is reflected in the following policies:

5.3.4 Wai Māori General Policies

- 2. To promote the cultural importance of water to Kāi Tahu ki Otago in all water management within the Otago Region and Lower Waitaki Catchment.*
- 10. To encourage all stormwater be treated before being discharged.*
- 11. To encourage identification of non-point source pollution and mitigate, avoid or remedy adverse effects on Kāi Tahu ki Otago values*

Section 5.6 of the plan identifies issues, objectives and policies for cultural landscapes.

Policy 5.6.4 (3), 24 and 25 are relevant to visitor accommodation:

5.6.4 Cultural Landscapes General Policies

- 3. To promote the control of visitor and recreational activities that impact on significant landscapes.*
- 24. To discourage the erection of structures, both temporary and permanent, in culturally significant landscapes, lakes, rivers or the coastal environment.*
- 25. To discourage subdivisions and buildings in culturally significant and highly visible landscapes.*

5.47. The iwi management plans have been taken into account as part of the preparation of the Section 32 report and Visitor Accommodation provisions. The strategic provisions of the plan through Chapters 3 and 6 also assist with the protection of high country landscapes.

Regional Policy Statements

Operative Regional Policy Statement 1998

5.48. Section 74 of the Act requires that a district plan prepared by a territorial authority must “give effect to” any operative Regional Policy Statement. The operative Otago Regional Policy Statement 1998 (**RPS**) is the relevant regional policy statement to be given effect to within the District Plan. Objectives and policies of the ORPS relevant to the regulation of VA include:

Objective 5.4.3 *To protect Otago’s outstanding natural features and landscapes from inappropriate subdivision, use and development* (Policy 5.5.6)

Objective 9.4.1 *To promote the sustainable management of Otago’s built environment in order to:*

- (a) *Meet the present and reasonably foreseeable needs of Otago’s people and communities; and*
- (b) *Provide for amenity values, and*
- (c) *Conserve and enhance environmental and landscape quality; and*
- (d) *Recognise and protect heritage values*

Objective 9.4.2 *To promote the sustainable management of Otago’s infrastructure to meet the present and reasonably foreseeable needs of Otago’s communities* (Policies 9.5.2 and 9.5.3)

Objective 9.4.3 *To avoid, remedy or mitigate the adverse effects of Otago’s built environment on Otago’s natural and physical resources.* (Policies 9.5.1 and 9.5.3 to 9.5.6)

Objective 11.4.1 *Recognise and understand the significant Natural Hazards that threaten Otago’s communities and features* (Policies 11.5.1, 11.5.6 and 11.5.7)

5.49. Objectives 5.4.3 and Policy 5.5.6 seek to protect Otago’s outstanding natural features and landscapes from inappropriate subdivision, use and development. Objective 5.4.5 and Policies 5.5.3 to 5.5.5 promote sustainable land use and minimising the effects of development on water and land.

5.50. The promotion of sustainable management of the built environment and infrastructure, as well as avoiding or mitigating against adverse effects on natural and physical resources is also incorporated into Objectives 9.4.1, 9.4.2 and 9.4.3; as well as Policies 9.5.1 to 9.5.5. Objectives

11.4.1 and 11.4.2 seek to manage risks from natural hazards by identifying and then avoiding or mitigating the risks

Proposed Regional Policy Statement 2015

5.51. Section 74(2) of the RMA requires that a district plan prepared by a territorial authority shall "have regard to" any proposed regional policy statement. The Proposed Otago Regional Policy Statement (**PRPS**) was notified for public submissions on 23 May 2015, and decisions on submissions were released on 1 October 2016. The following is based on the PRPS Decision version: 1 October 2016

Objective 4.3 Infrastructure is managed and developed in a sustainable way.

Related Policies:

- Policies 4.3.1 – 4.3.4 associated with managing infrastructure.

Objective 4.5 Urban growth and development is well designed, reflects local character and integrates effectively with adjoining urban and rural environments.

Related policies:

Policy 4.5.1 Managing for urban growth and development.

Manage urban growth and development in a strategic and co-ordinated way, by all of the following:

- a) *Ensuring there is sufficient residential, commercial and industrial land capacity, to cater for the demand for such land, over at least the next 20 years;*
- b) *Coordinating urban growth and development and the extension of urban areas with relevant infrastructure development programmes, to provide infrastructure in an efficient and effective way;*
- c) *Identifying future growth areas and managing the subdivision, use and development of rural land outside these areas to achieve all of the following:*
 - i. *Minimise adverse effects on rural activities and significant soils;*
 - ii. *Minimise competing demands for natural resources;*
 - iii. *Maintain or enhance significant biological diversity, landscape or natural character values;*
 - iv. *Maintain important cultural or historic heritage values;*
 - v. *Avoid land with significant risk from natural hazards;*
- d) *Considering the need for urban growth boundaries to control urban expansion;*

- e) *Ensuring efficient use of land;*
- f) *Encouraging the use of low or no emission heating systems;*
- g) *Giving effect to the principles of good urban design in Schedule 5;*
- h) *Restricting the location of activities that may result in reverse sensitivity effects on existing activities.*

5.52. The majority of the provisions of the Decisions Version have been appealed and mediation is currently taking place. Accordingly, limited weight can be provided to the Decisions Version of the PRPS at this time. However, the provisions of PRPS are relevant in identifying a direction in ensuring plans provide for sufficient urban land capacity, where this is coordinated and integrated with infrastructure, and provides good urban design.

Regional Plans

5.53. Section 75 of the RMA states that a district plan must not be inconsistent with a regional plan. There are no regional plans determined to be of particular relevance to the regulation of visitor accommodation.

Proposed District Plan

Notified PDP 26 August 2015

5.54. The council is undertaking a staged review of the proposed district plan. Hearings on Stage 1 chapters and provisions completed in October 2017 and decisions on provisions are anticipated to be released in the first quarter of 2018. The decision on Chapter 43: Millbrook was released on 18 October 2017. Stage 1 of the PDP review incorporated the 'strategic' plan provisions (Chapters 3 to 6), and the majority of urban zones and rural zones.

5.55. The stage 1 provisions of the PDP do not have 'legal effect' under the RMA (s86B) until the decisions on provisions is publicly notified. In the interim, Council as the consent authority is able to give 'weight' to objectives, policies, and other issues, reasons, or methods in plans before the plan becomes operative.

5.56. Although a decision on provisions is not yet available for Stage 1 of the review (with the exception of Chapter 43: Millbrook), the notified versions of the provisions are indicative of council's strategic approach to the management of land use and development, and the achievement of Part 2 of the RMA. In terms of *King Salmon*¹⁰, it is necessary for this s32

¹⁰ *Environmental Defence Society Inc v New Zealand King Salmon Company Ltd*, [2014] NZSC 38.

analysis to resort to Part 2 as the three exceptions¹¹ apply to the Stage 1 text as it is considered to be 'uncertain' until it is made operative (s86F).

5.57. However, it has been the Council's evidence (including through Hearing Streams 1-13 on the text of the PDP) that its reply version of the Stage 1 chapters give best effect to Part 2 of the RMA, and therefore give substance to Part 2 of the Act although it is acknowledged that at this stage the changes in the reply versions, have no more weight than other submissions recommending changes.

5.58. The 'hierarchy' within the plan (established by the strategic chapters 3-6) means that the zones and their associated rules need to achieve the relevant zone's objectives and policies, which in turn need to achieve the higher order objectives and policies as set out in the Strategic Direction chapter. The objectives subject to this s32 analysis for visitor accommodation are considered to be the most appropriate way of achieving the purpose of the Act, also having regard to the Stage 1 provisions and the strategic hierarchy of the PDP.

5.59. As such, below provides a summary of the relevant parts of Stage 1 of the PDP (notified and reply versions) which the visitor accommodation provisions have taken account of, as a means to achieve the zone and higher order objectives and policies of the plan.

Strategic Direction Chapter 3

Notified Provisions

Objective - 3.2.2.1 Ensure urban development occurs in a logical manner:

- *to promote a compact, well designed and integrated urban form;*
- *to manage the cost of Council infrastructure; and*
- *to protect the District's rural landscapes from sporadic and sprawling development.*

Policy 3.2.2.1.3 Manage the form of urban development within the UGBs ensuring:

- *Connectivity and integration with existing urban development;*
- *Sustainable provision of Council infrastructure; and*
- *Facilitation of an efficient transport network, with particular regard to integration with public and active transport systems*

Policy 3.2.2.1.5 - Ensure UGBs contain sufficient suitably zoned land to provide for future growth and a diversity of housing choice.

¹¹ Where there is illegality, incomplete coverage of an issue, or uncertainty of meaning in a higher order planning document, Part 2 will still be relevant. See King Salmon at [88].

Objective 3.2.3.1 - Achieve a built environment that ensures our urban areas are desirable and safe places to live, work and play

Policy 3.2.3.1.1 Ensure development responds to the character of its site, the street, open space and surrounding area, whilst acknowledging the necessity of increased densities and some change in character in certain locations.

Objective 3.2.6.1 Provide access to housing that is more affordable

Policy 3.2.6.1.1 Provide opportunities for low and moderate income Households to live in the District in a range of accommodation appropriate for their needs.

Objective 3.2.6.2 Ensure a mix of housing opportunities

Policy 3.2.6.2.1 Promote mixed densities of housing in new and existing urban communities

Reply provisions

5.60. The below provides a summary of the relevant parts of Stage 1 of the PDP (**reply version**)

3.2.1.4 Objective – ~~Recognise and provide for~~ The significant socioeconomic benefits of tourism activities across the District are provided for and enabled.

Policy

3.2.1.4.1 Enable the use and development of natural and physical resources for tourism activity where adverse effects are avoided, remedied or mitigated.

5.61. Strategic Direction Chapter 3 brings together key resource management issues for the District in a concise manner and provides a policy framework that establishes the rationale and intended direction for the other components of the District Plan. The Strategic Directions of the PDP overall focuses future urban development within identified urban growth boundaries with urban zones that provide for urban growth to meet the needs of the District.

5.62. The provisions included above reflect a desire to provide for a range of housing choices, and access to housing that is more affordable. Through the hearings a new objective (3.2.1.4) and policy (3.2.1.4.1) were recommended in the reply version of the chapter (shown above) which also reflect the need to provide for and enable tourism, where adverse effects are avoided, remedied or mitigated.

5.63. The VA provisions of the urban zone chapters achieve these higher order objectives and policies through better balancing the effects of VA on housing supply and affordability and enabling tourism activity, whilst generally enabling VA in appropriate locations through a restricted discretionary, non-notified activity consent framework in the higher intensity Town

Centre, Mixed Use and High Intensity Residential zones and by avoiding and mitigating likely adverse effects in lower intensity residential zones by making it non-complying over a defined scale.

Urban Development Chapter 4:

Notified Provisions

4.2.3 Objective – Within Urban Growth Boundaries, provide for a compact and integrated urban form that limits the lateral spread of urban areas, and maximises the efficiency of infrastructure operation and provision.

Policies 4.2.3.1 Provide for a compact urban form that utilises land and infrastructure in an efficient and sustainable manner, ensuring:

- connectivity and integration;*
- the sustainable use of public infrastructure;*
- convenient linkages to the public and active transport network; and*
- housing development does not compromise opportunities for commercial or community facilities in close proximity to centres.*

4.2.3.6 Development improves connections to recreational and community facilities, and enhances the amenity and vibrancy of urban areas

4.2.4 Objective - Manage the scale and location of urban growth in the Queenstown Urban Growth Boundary

4.2.4.2 Ensure that development within the Queenstown Urban Growth Boundary:

- Provides a diverse supply of residential development to cater for the needs of residents and visitors*
- Provides increased density in locations close to key public transport routes and with convenient access to the Queenstown Town Centre*
- Provides an urban form that is sympathetic to the natural setting and enhances the quality of the built environment*
- Provides infill development as a means to address future housing demand*
- Provides a range of urban land uses that cater for the foreseeable needs of the community*

4.2.5 Objective - Manage the scale and location of urban growth in the Arrowtown Urban Growth Boundary.

4.2.5.2 Ensure that development within the Arrowtown Urban Growth Boundary provides:

- *an urban form that is sympathetic to the character of Arrowtown, including its scale, density, layout and legibility in accordance with the Arrowtown Design Guidelines 2016.*

4.2.6 Objective - Manage the scale and location of urban growth in the Wanaka Urban Growth Boundary.

4.2.6.2 Ensure that development within the Wanaka Urban Growth Boundary:

....

- *Facilitates a diversity of housing supply to accommodate future growth in permanent residents and visitors*

5.64. The PDP Chapter 4 (Urban Development) sets out the objectives and policies for managing the spatial location and layout of urban development within the District. Council's position on the provisions was largely unchanged following the hearing of submissions. They seek to provide for coordinated planning of urban capacity, infill development within existing urban areas, and for existing urban settlements to become better connected. A number of provisions relate to the need to provide for a range of housing needs and the efficient use of land through infill development to meet predicted growth, whilst also maintaining the amenity and character of the Districts key urban settlements.

5.65. The VA provisions of the urban zone chapters achieve these higher order objectives and policies through ensuring the efficient use of residential areas primarily for housing, but also balanced with the need to provide accommodation choice for visitors at an appropriate scale.

Tangata Whenua Chapter 5

Notified version

5.4.1 Objective - Promote consultation with tangata whenua through the implementation of the Queenstown Lakes District Plan.

5.4.1.1 Ensure that Ngāi Tahu Papatipu Rūnanga are engaged in resource management decision-making and implementation on matters that affect Ngāi Tahu values, rights and interests, in accordance with the principles of the Treaty of Waitangi.

5.4.5 Wāhi tūpuna and all their components are appropriately managed and protected.

Policies

- 5.4.5.1 *Identify wāhi tūpuna and all their components on the District Plan maps and protect them from the adverse effects of subdivision, use and development.*
- 5.4.5.2 *Identify threats to wāhi tūpuna and their components in this District Plan.*

5.66. The proposed VA provisions do not directly implement these provisions of Chapter 5. However the implementation methods established under Chapter 5, in addition to the information required to be submitted for resource consent applications under Schedule 4 (and the consideration of applications under section 104) provide a mechanism for the involvement of tangata whenua through the implementation of the PDP and for these policies to be considered.

Landscapes Chapter 6

6.3.3 Objective - Protect, maintain or enhance the district's Outstanding Natural Features (ONF).

Policies

- 6.3.3.1 *Avoid subdivision and development on Outstanding Natural Features that does not protect, maintain or enhance Outstanding Natural Features.*
- 6.3.3.2 *Ensure that subdivision and development in the Outstanding Natural Landscapes and Rural Landscapes adjacent to Outstanding Natural Features would not degrade the landscape quality, character and visual amenity of Outstanding Natural Features.*

6.3.4 Objective - Protect, maintain or enhance the District's Outstanding Natural Landscapes (ONL).

Policies

- 6.3.4.1 *Avoid subdivision and development that would degrade the important qualities of the landscape character and amenity, particularly where there is no or little capacity to absorb change.*

6.3.5 Objective - Ensure subdivision and development does not degrade landscape character and diminish visual amenity values of the Rural Landscapes (RLC).

Policies

- 6.3.5.1 *Allow subdivision and development only where it will not degrade landscape quality or character, or diminish the visual amenity values identified for any Rural Landscape.*

5.67. Chapter 6 establishes the objectives and policies for the protection of s6 and s7 landscapes.

The landscape classifications of Chapter 6 are not directly related to these VA provisions. Although Jacks Point and Arthurs Point contain urban land considered to be within the Outstanding Natural Landscape these zones are something of an anomaly. The only change proposed to the Jacks Point Zone is to align with the refined definitions of VA, which does not affect the landscape classifications. Moreover, the provisions proposed do not alter the PDP approach to built form and therefore will not alter the way subdivision and development affects landscape character the visual amenity values of rural landscapes.

6. RESOURCE MANAGEMENT ISSUES

The context

Tourism

6.1. Tourism is a fast growing and important economic sector for the District and wider national economy. The number of international visitor arrivals into New Zealand has increased significantly and the growth of visitor arrivals within the District has been both significant and sustained. This is reflected in the total number of passenger movements (which includes an arrival and departure) through Queenstown Airport which increased by 8% in 2014, 14% in 2015 and 18% in 2016¹² equating to approximately 900,000 visitor arrivals (Figure 1).

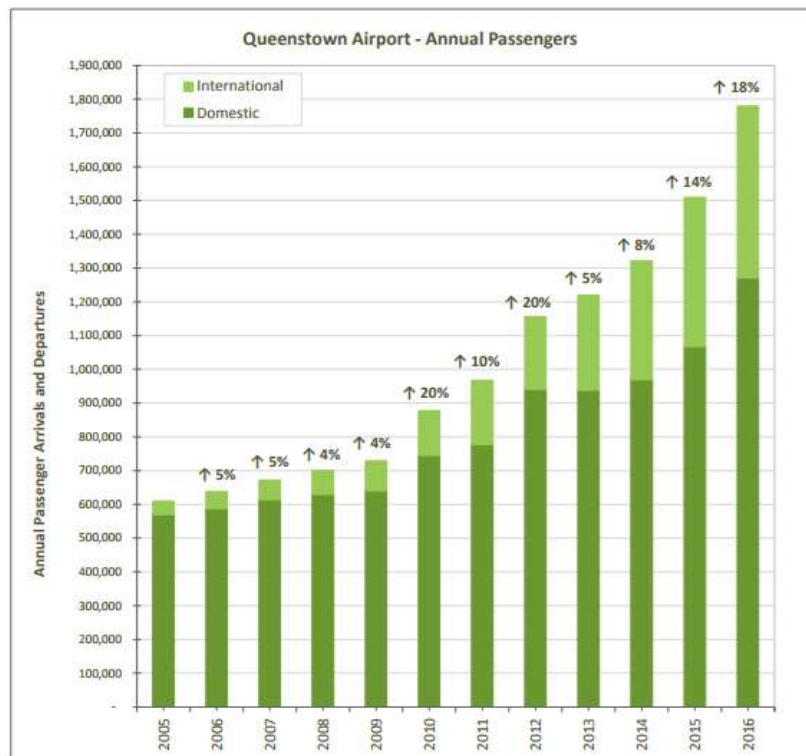


Figure 1: Queenstown Airport annual passenger numbers¹²

- 6.2. An increase in the number of visitors is anticipated to continue. The Queenstown Airport Corporation¹² forecasts 3.2 million visitor movements through Queenstown's Airport annually by 2025 and up to 7.1 million by 2045. The number of visitors is approximately half the number of movements (which includes an arrival and departure) and so these predictions reflect approximately 1.6 million people arriving annually by 2025 and approximately 3.55 million by 2045. While analysis shows potential movements of up to 7.1 million by 2045, the Queenstown Airport Corporation considers 5 million movements, or 2.5 million arrivals, to be a more sustainable target¹².
- 6.3. Detailed population projections have been prepared for the Council's Long Term Plan (LTP) asset management and planning functions by Rationale Ltd¹³ based on Statistics New Zealand projections. This analysis estimates that the number of visitors to the District on an average day will increase from 24,900 in 2018; to 31,500 in 2028; and 42,100 by 2058. On a peak day, Rationale Ltd¹³ predicts that the number of visitors to the District will be 79,300 in 2018, increasing to 99,700 in 2028 and 138,700 by 2058.
- 6.4. This level of growth brings about a wide range of economic benefits. For example, the Infometrics¹ report shows that Airbnb accommodation within the District generated \$68.6 million revenue for hosts over the 11 months to August 2018, with the average Airbnb host generating \$19,886 in this period. This is about two and a half times more than the average New Zealand Airbnb listing.
- 6.5. Growth without sustainable management however gives rise to a variety of resource management issues that the Council must recognise and provide for through District Plan objectives, policies and rules. In particular, the emergence of the online shared economy and its peer-to-peer lending platforms, such as Airbnb and Bookabach, has given rise to significantly increased rates of letting of private residential dwellings/units for short term VA purposes to a point where it appears to be playing a detrimental role in the housing market. Infometrics¹ reports unprecedented growth in the number of Airbnb listings within the District which increased by 61% over the 11 months to August 2017 with the number of separate listings equating to 14% of the District's total housing stock.

Housing Affordability

- 6.6. The District is recognised as having some of the least affordable housing in New Zealand. House price-to-income multiples are an internationally recognised measure of housing affordability endorsed by the Agenda 21 UN framework and by the World Bank. This 'medium

¹² Queenstown Airport Corporation Master Plan Options summary document (2017)

¹³ Rationale Limited, QLDC Growth Projections to 2058 (2017)

multiple' provides a measure of affordability where the medium house price is divided by the gross annual medium household income. Using this measure, the District is currently shown as being the least affordable market in New Zealand with the medium house price (\$850,000) being 11.72 times the medium household income (\$72,497)¹⁴. An "affordable" housing market in the District would see homes at 4.0 – 6.0 times the annual medium household incomes, equating to medium house prices under \$430,000¹⁴ based on current average incomes. While recent prices may appear to be stabilising, the positivity of the long term trends observed by MBIE¹⁵ suggest this may be a temporary levelling point in the cyclical fluctuation of prices which show no signs of decreasing relative to incomes and remain significantly unaffordable (Figure 2).

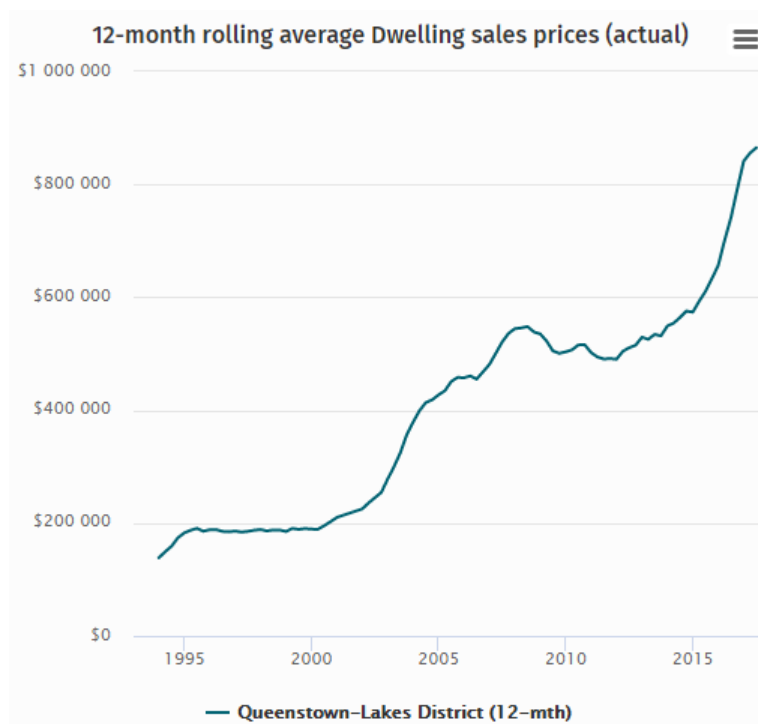


Figure 2: Queenstown Lakes District actual dwelling sale prices
December 1993 – June 2017^{Error!Bookmark not defined.}

6.7. The District's rental prices demonstrate a similar trajectory (Figure 3). As at March 2017 average rents in the District surpassed average rents in Auckland (\$521 in Queenstown compared to \$502 per week in Auckland)¹⁵. Average weekly rents across the District increased by \$79 from June 2016 (\$442) to June 2017 (\$521), with the most significant increase being in the Wakatipu Ward from \$450 to \$557 (a difference of \$107)¹⁵. Using the

¹⁴ Community Housing Aotearoa, Mayoral Housing Affordability Taskforce (October 2017)

¹⁵ Ministry of Business, Innovation and Employment, Urban Development Capacity Dashboard (2017)
<https://mbien.shinyapps.io/urban-development-capacity/>

'medium multiple' method, an affordable weekly rental rate for a household on the medium income in the District would be \$400 - \$600 per week for a household¹⁴.

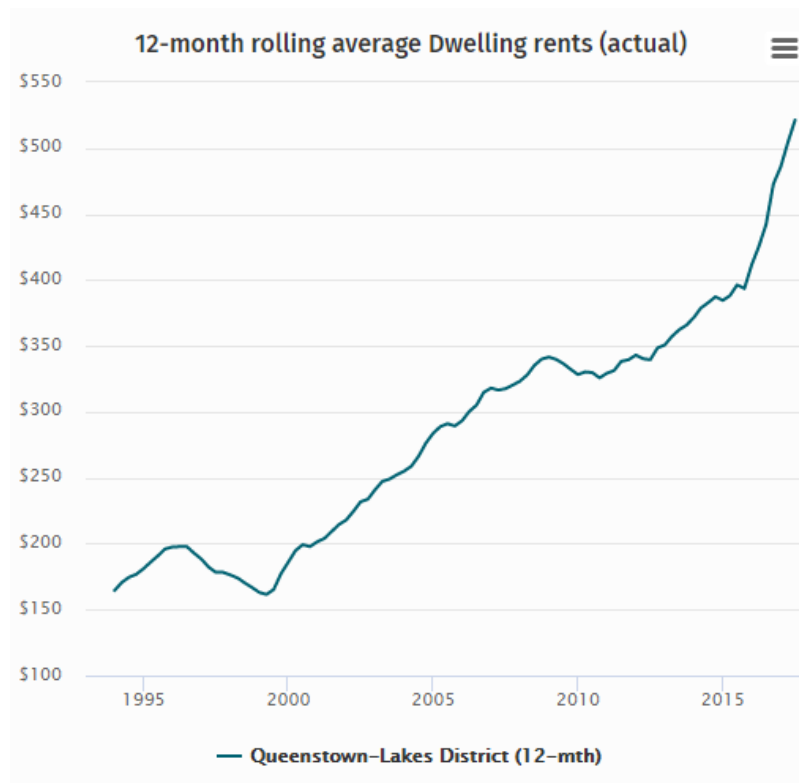


Figure 3: Queenstown Lakes District actual rental prices
December 1993 – June 2017^{Error!Bookmark not defined.}

Population Growth

6.8. The District is experiencing a period of significant economic and population growth. Infometrics¹⁶ shows evidence of exponential population growth over the last 4 – 5 years in particular with annual increases of 1.4% in 2012, 4% in 2014 and 7.1% in 2016. This level of growth is substantially higher than the New Zealand annual average of just 2.1% in 2016.

6.9. Rationale Limited¹³ were engaged by the Council to review and prepare growth projection scenarios. Their 40 year growth scenario produced out to 2058 shows the District's population almost doubling between 2018 and 2058, from 38,000 to 74,700 residents with the period of most rapid growth occurring in the next 10 – 15 years.

¹⁶ Infometrics, Queenstown Lakes District Population at a Glance (2016)
<https://ecoprofile.infometrics.co.nz/queenstown-lakes%2bdistrict/Population>

- 6.10. These growth projections set the scene for continuing pressure on the construction sector, developers, central and local government to maintain a sufficient supply of housing and infrastructure to facilitate this growth. As identified above, the context for this growth is a housing market that already has highly challenging housing affordability conditions and an increasingly high proportion of the housing stock being used for VA activities.

Key Issues

Issue 1 - Visitor accommodation and housing availability

- 6.11. To better understand the relationship between short term private residential VA activities and housing availability, Infometrics² assessed the characteristics of all Airbnb listings within the District over 11 months to August 2017. They identified the type of listings (i.e whole house/unit, private room or shared room), the size of the listings (i.e the number of bedrooms per listing), their occupancy rate (i.e how often they were let), and rate of availability (i.e how often they were made available to visitors).
- 6.12. The infometrics² report identified 4,106 Airbnb listings in the District in August 2017. Table 1 below breaks this down into the type of Airbnb listings available in the District. It demonstrates that a significant proportion (67%) of all listings are entire homes or apartments. Just 32.9% of the listings were for private or shared rooms. The high proportion of whole houses/apartments illustrates that many listings, if not used for visitor accommodation, are likely to be otherwise suitable as rental properties. Table 1 also demonstrates there is a greater proportion of entire homes/apartments listed for VA activities within the District than in other parts of the country.

Table 7: Airbnb listings by type, August 2017

Type of listing	Queenstown-Lakes District		New Zealand	
	Number	Proportion*	Number	Proportion*
Entire home/apt	2,759	67%	22,917	50%
Private room	1,306	32%	22,320	49%
Shared room	36	0.9%	689	1.5%

*Total shares may not add to 100% due to some observations missing information on listing type (<1%)

Table 1: Airbnb listings by type²

- 6.13. Table 2 below breaks down all entire house/apartment listings by their number of bedrooms. It illustrates that a high proportion of those entire home/apartment listings comprise properties with three or more bedrooms (58%). As such, there are a significant number of entire homes being utilised for short term VA that could otherwise be suitable for families or groups of long term residents. However, this may also identify that there is demand for a type of VA that

provides for families and large groups not being adequately met in other commercial types of VA (i.e hotels/motels).

Table 8: Entire house/unit Airbnb listings by number of bedrooms, August 2017

Number of bedrooms	Queenstown-Lakes District		New Zealand	
	Number	Proportion	Number	Proportion
1	546	20%	7263	32%
2	602	22%	6225	27%
3	916	33%	5585	24%
4+	695	25%	3844	17%

*Total shares may not add to 100% due to some observations missing information on number of bedrooms (<1%)

Table 2: Entire house/unit Airbnb listings by number of bedrooms²

6.14. Table 3 below shows the proportion of time Airbnb properties were available over the study period. Overall, it shows that all listings were available for let for large periods of time.

Table 9: The proportion of time Airbnb properties have been available for over the 11 months to August 2017

	Queenstown-Lakes District	New Zealand
Entire houses/units	71%	68%
All listing types	69%	70%

Table 3: Proportion of time Airbnb listings were available²

6.15. Table 4 below shows the average occupancy rate of Airbnb listings over the study period (this data also accounts for and removes 'blocked out' dates). This shows that listings were occupied 32% of the time and that the District's listings have a higher occupancy rate than those in other parts of the country. These occupancy rates remain lower than commercial VA operations however which are the dominant supplier of VA in the District. This is to be expected given the sole purpose of commercial accommodation is to gain and maintain market position within the sector and secure higher comparative levels of occupancy.

Table 6: Average occupancy rate in the 11 months to August 2017

Occupancy	Queenstown-Lakes District	New Zealand
Airbnb	32%	25%
Commercial accommodation*	64%	45%
Airbnb as % of commercial	50%	55%

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Table 4: Average occupancy of Airbnb listings²

6.16. Looking closer at the occupancy and availability data it can be inferred what happens with the wider house/apartment listings market over the study period. If those whole house/apartment listings were available 71% of the time within the 11 month study period (being the 335 days between 1 October 2016 and 31 August 2017), this would equate to 238 available days for letting on Airbnb, and 97 unavailable days. Infometrics² reports an average occupancy rate of 32% which would equate to 76 occupied days out of the total 238 available days. In light of this, it can be inferred that an average whole house/apartment listing could not realistically be used as a place of long term residence, however this is hard to confirm without detailed data on longer term rental activity. Nevertheless, it is not certain that owners or tenants would reside in such a property for short periods of intervening available or unoccupied time. Whether these large properties would be made available for rental purposes for such a limited period of time will also depend on the personal circumstances of different owners.

6.17. Although it is difficult to make definitive conclusions about the highly variable patterns of rental activities taking place, it is reasonable to conclude that a significant and increasing number of those whole house/apartment listings are being used exclusively for short term VA activities. The Infometrics² report supports this view, suggesting directly that “Airbnb has made a significant encroachment on the Queenstown-Lakes rental pool and made finding accommodation for residents substantially more difficult”.¹⁷

6.18. The Infometrics² report highlights a clear financial motivation behind this type of activity. In particular, the report suggests that an average Airbnb listing in the district generated \$19,886 over the 11 month study period. This level of income is 2.5 times greater than the New Zealand average of \$8,221 per property and the average earnings per property and per room are significantly higher than Auckland’s (Table 5). This level of earnings is also reflects the high rates of properties listed being three or more bedrooms (58%, as discussed above) which also return greater daily rates (due to having multiple rooms).

Table 11: Earnings from Airbnb in the 11 months to August 2017

	Queenstown-Lakes District	Auckland	New Zealand
Total earnings	\$68,640,982	\$79,467,429	\$292,186,744
Average earnings per property	\$19,886	\$6,498	\$8,221
Average daily rate per room	\$109	\$73	\$73

Table 5: Airbnb earnings²

¹⁷ Infometrics, Measuring the scale and scope of Airbnb in Queenstown-Lakes District, Infometrics (October 2017, page 3)

Summary of Airbnb and housing affordability

- 6.19. Infometrics² illustrates the scale and intensity of residential VA activities within the District. They show that a significant number of listings comprise whole houses/apartments and that these properties are likely to be used exclusively for VA purposes. It is therefore likely that a high proportion of these properties have been removed from the general pool of accommodation available for long term residents. A clear financial incentive, driven by the District's population and employment growth, and burgeoning tourism growth and the high returns available from VA is likely to be driving this behaviour.
- 6.20. Although there is insufficient evidence to confirm a direct causative relationship between the growth of residential VA activities and the District's high rental and property prices, it is reasonable to assume that residential VA activities, by removing properties from the general pool of accommodation, are an important contributing factor to the Districts housing affordability challenge.

Issue 2 – Impacts on residential amenity

- 6.21. As part of their assessment, Infometrics² analysed the scale of Airbnb listings in respect to the District's planning zones (both ODP and notified PDP zones). Table 6 below shows the proportion of all Airbnb listings within each zone. It illustrates that the Low Density Residential Zone has the most Airbnb listings at 49% or 1,703 individual properties. The High Density Residential, Township, Medium Density Residential and Rural Lifestyle and Zones contain much of the remaining listings, comprising 25.5% of those identified in the study period.

Table 25: Airbnb listings by zone in October 2016 and August 2017

The number of Airbnb listings on average per month*		
Zones	% of total	Total
Low Density Residential	49%	1,703
High Density Residential	11%	375
Township (Operative)	5.0%	172
Medium Density Residential	4.9%	170
Rural Lifestyle	4.6%	158
Special Zone - Shotover Country	4.4%	154
Large Lot Residential	3.2%	112
Rural Residential	2.8%	98
Special Zone - Resort	2.7%	93
Rural	2%	76
High Density Residential (Operative)	1.7%	58
Special Zone - Quail Rise	1.4%	47
Rural Visitor	1.2%	40
Arrowtown Residential Historic Management Zone	1%	36
Gibbston Character Zone	0.8%	27
Town Centre Queenstown	0.7%	24
Special Zone - Remarkables Park	0.6%	21
Penrith park	0%	16
Special Zone - Meadow Park	0.3%	11
Special Zone - Mount Cardrona Station	0.3%	10
Open Space (Operative)	0.2%	7
Town Centre Wanaka	0%	6
Business Mixed Use	0.2%	6
Special Zone - Bendemeer	0.1%	4
Other	1.0%	34
Queenstown-Lakes District Total		3,458

Table 6: Proportion of all Airbnb listings within each planning zone²

6.22. Infometrics² also found that the number of Airbnb listings increased substantially across all planning zones, with growth rates in the Low, Medium and High Density zones at 63%, 43% and 52% respectively over the 11 month study period to August 2017.

6.23. AirDNA¹⁸ (a website which examines Airbnb activity in urban centres around the world) shows evidence of similar growth patterns over a longer period of time. It provides evidence of a sustained and significant increase in the number of listings on Airbnb over a 7 year period between 2010 – 2017 (Figure 4) equating to an annual growth rate of 175% within the immediate Queenstown area (Figure 5 - Note AirDNA data does not include other areas of the District). This also reflects the consolidation of short term letting into an increasingly dominant single ubiquitous international online platform.

¹⁸ AirDNA, Market Overview – Queenstown (2017)
<https://www.airdna.co/market-data/app/nz/otago/queenstown/overview>

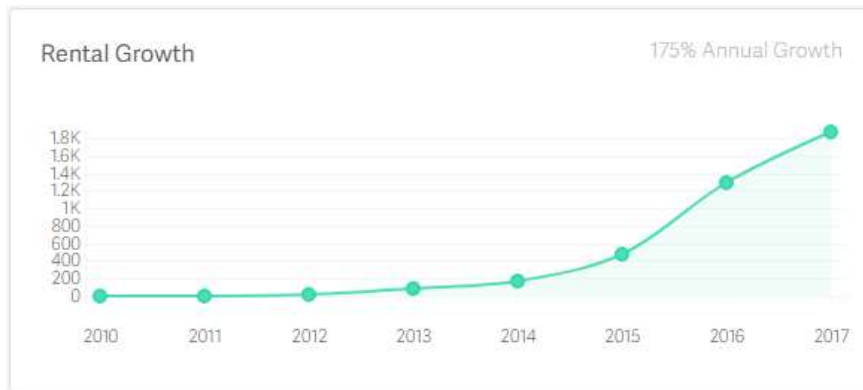


Figure 4: Queenstown area Airbnb listings 2010 – 2017¹⁸



Figure 5: AirDNA survey area – Queenstown area only¹⁸

6.24. Given the encroachment and significant growth of short term visitor accommodation activities within the District's residentially zoned land, it is necessary to consider potential adverse effects associated with the co-location of these land use activities.

Issue 3 – Residential Cohesion and Character

6.25. As part of Plan Change 23 (Visitor Accommodation and Residential Amenity) Council sought to address the location of VA units and define the role of VA within residential areas. Hill Young

Cooper Ltd¹⁹ prepared a discussion paper on the relationship between residential coherence and VA. The paper defined residential coherence as a product of three main elements:

1. Stability – where the rate and scale of the incursion of non-residential activities is limited so that the majority of residents have other permanent residents as neighbours (owner occupiers or longer term renters).
2. Character – more domestic forms of development prevail, even if they are at a higher density, and where there are clear signs of permanent occupation, with an integration of the built and open spaces (gardens, trees and open spaces).
3. Identity – there is a sense of containment to the neighbourhood, such as not being cut in two by a busy main road, and where there is some sense of common identity in terms of relationship to views, open spaces and orientation which offer reasonable access to daylight and sunlight.

6.26. Elements one and two in particular emphasise the prevalence of domestic development and the permanency of residential activities, while element three addresses the significance of a sense of neighbourhood identity and containment within an area.

6.27. In their report, Hill Young Cooper¹⁹ considered the intermixing of VA activities with residential development tends to adversely impact the integrity of community cohesion, possibly resulting in noise and parking issues and a reduced feeling of safety. In particular, feedback obtained from the Issues and Options paper for Plan Change 23 identified the following impacts of visitor accommodation activities on residential cohesion:

- loss of neighbours/residential feel – feeling of not being in a stable neighbourhood and uncertainty about where the area is “headed” if there is a constant expansion of visitor accommodation developments
- Reduced sense of safety from more strangers about, not knowing neighbours, large number of empty units during off peak times leading to a sense of isolation.
- The loss of a domestic feeling to the built form. Larger building masses with a uniform appearance tend to dominate. The individuality created by owners or long term renters adding features to their houses or gardens is lost as complexes are managed by the same organisation and occupiers stay for only a few nights.

¹⁹ Hill Young Cooper, Plan Change 23 – Visitor Accommodation and Residential Amenity in the High Density Residential Zone: Discussion Paper on Residential Coherence (2008)

- 6.28. A report completed by Rationale Ltd²⁰ in association with Plan Change 23 considered the variable social situation of the District's high density zoned land. The report highlighted key points of difference that are likely to have the most influential impact on the nature of the residential zone. In particular, the report highlighted that a lack of families with children could lead to areas missing out on the social and community benefits that children bring to a neighbourhood. Further, the report emphasised that neighbourhood familiarity among residents can suffer when an area has a high number of tourists staying in VA, along with a high rental population and resident turnover.
- 6.29. Taking into account the nature, scale, intensity and location of short term residential VA activities across the District and their rate of growth as identified by Infometrics², it is reasonable to conclude that the character and cohesion of the District's residentially zoned land will continue to be affected by VA activities. The extent to which VA affects residential cohesion is likely to be related to scale, intensity and location.
- 6.30. Despite the extent of residential VA growth experienced since Plan Change 23 was developed, there is no clear evidence that VA is having direct adverse effects on parking availability, noise, built form, or safety that can be distinguished from what would otherwise occur with permanent residential activities in these areas. The effects are more subtle in nature and relate to the neighbourhood feel and sense of safety from a combination of factors such as high numbers of empty, dark houses at night, more transient residential populations, businesses and agencies having significant trouble housing new staff, as well as families and workers having trouble settling in the District on a long term basis.

Issue 4 – Residential Amenity

- 6.31. Owners and occupiers of residentially zoned land expect a degree of amenity consistent with the purpose and function of the zone. In particular, residents expect activities which do not bring about significant adverse effects associated with noise and disturbance.
- 6.32. Visitor accommodation activities could result in additional noise and other nuisance effects as properties used exclusively for this type of activity are more likely to accommodate larger groups on holiday. This is more likely to be the case where owners are not present on the site of the VA activity (i.e. for whole house/apartment listings). Infometrics² has shown that most Airbnb listings are whole house/apartment properties where owners are not likely to be present. People may be less likely to moderate their actions and respect their neighbours if they were living permanently in the area than if they were visitors.

²⁰ Rationale Limited, High Density Residential Subzones Project Social Impact Assessment (June 2008)

- 6.33. The transitory nature of VA, combined with a holiday town atmosphere can mean social norms of behaviour are set aside by the visitors. The nature, scale and intensity of comings and goings associated with properties used for VA activities are likely to be different to those used purely for residential purposes.

Issue 5 – Traffic and parking

- 6.34. VA can result in significant adverse effects associated with traffic movements and additional parking demand. Due to the current limitations of alternative transport options, it is likely that visitors to the District will rent a vehicle for the period of their stay, particularly if they are staying within a residential area that is not close to a town centre or along a regular bus route. Overspill parking onto road verges may occur as a consequence of additional cars being used by visitors, resulting in safety and amenity effects.

Issue 6 – Providing accommodation for tourists

- 6.35. Given the high number of residential houses/apartments being used for Airbnb type VA activities and the large number of visitors choosing to stay in these properties, it is clear that this type of accommodation is advantageous for many visitors. In particular, whole house/apartment listings may attract families with children or larger groups of travelling companions who may need and/or prefer access to multiple connected bedrooms and living rooms, areas for private outdoor living, full kitchen facilities, and areas for storage of recreation equipment (i.e skis, snowboards, mountain bikes etc.). These facilities may not be readily available within the commercial accommodation sector.

- 6.36. Infometrics² also explore how Airbnb and commercial occupancy rates varied within the 11 month study period. They show that occupancy for Airbnb properties is lower than commercial accommodation options across all months. However, during peak periods, the occupancy gap between Airbnb and commercial accommodation is proportionally smaller, suggesting that Airbnb may be picking up accommodation overspill where commercial providers experience difficulty accommodating higher numbers of visitors to the District.

- 6.37. Rationale¹³ analysis shows similar conclusions. Their projections of visitor numbers and their distribution across accommodation types reflect the proportion of visitors expected to stay in commercial accommodation (ie hotels/motels) vs private residences (i.e Airbnb type accommodation) out to 2058 (Figure 6). Figure 6 shows that private residences are and will continue to accommodate large proportions of visitors to the District during peak periods, while the commercial sector is and will continue to accommodate most visitors outside of those peak times.

Figure 8 : Visitor population growth by type and day



Figure 6: Visitor population growth by type and day¹³

6.38. The use of Airbnb type VA during peak periods could be attributed to a wide range of factors, i.e a larger proportion of visitors at this time may seek cheaper forms of accommodation located further from town centres, or they may be unable to find suitable accommodation within the commercial sector due to a lack of capacity. Evidence suggests that Airbnb type VA is being used by a large number of short term visitors² and that the proportion of visitors staying in private residences is likely to increase overtime¹³.

6.39. It is noted that additional commercial development capacity has been made available in the Queenstown Town Centre (i.e via Plan Change 50) and a number of vacant sites are available for commercial development in close proximity to the Queenstown town centre. Colliers²¹ also show that a number of large hotel developments are under construction and proposed/mooted within Queenstown. This additional development capacity may result in the supply of additional large scale commercial VA activities located in close proximity to the Queenstown town centre, thereby relieving the current level of demand for Airbnb type accommodation during peak periods. It is not clear however if future commercial accommodation providers would meet the various types of accommodation options sought by families or larger groups of travelling companions who specifically seek out whole house/apartment type accommodation.

Issue 7 – Visitor accommodation sub-zones

6.40. Visitor accommodation sub-zones are in effect, planning overlays, which apply specific planning provisions to identified locations in both the ODP and PDP. These provisions offer a more enabling approach to the establishment and operation of VA activities than the plan provides outside the sub-zones. In the case of sub-zones which already contain operating VA activities, these enabling provisions recognise historic existing uses and provide ongoing security for these activities, particularly where they are located in potentially sensitive residential receiving environments (e.g. Fernhill and Goldfield Heights). In the case of sub-zone land which is vacant, these enabling provisions offer owners and/or occupiers with a high degree of certainty that VA activities can be established and operated by obtaining a restricted discretionary activity, non-notified resource consent.

6.41. It is noted that ODP VA sub-zones are present throughout the District ranging from single land parcels to large undeveloped areas spanning a number of different zones. In some cases, this land has not been developed for VA purposes or the VA activity has not operated for a period of time. In light of this, the Council has undertaken an assessment of all VA sub-zones in

²¹ Colliers, New Zealand Hotel Development Pipeline (as at end of Q2 2017)
[file:///C:/Users/lukep/Documents/Downloads/New %20Zealand%20Hotel%20Development%20Pipeline%20-%20Q2-2017.pdf](file:///C:/Users/lukep/Documents/Downloads/New%20Zealand%20Hotel%20Development%20Pipeline%20-%20Q2-2017.pdf)

order to determine whether there is a policy basis or other case to be made for these provisions or whether they are simply anomalies. The recommended approach is to:

- Generally prevent very small sub-zones or single parcel sub-zones which result in 'spot-zoning';
- Prevent and remove small sub-zones where they do not reflect the existing land use (for example, a site that has been developed for residential purposes);
- Prevent and remove small sub-zones where these are historic and are now considered inappropriately located for visitor accommodation activities (for example, semi-rural locations where a former motel has been demolished but the site has not been redeveloped);
- Retain or reinstate sub-zones that apply to large areas in appropriate locations, whether developed or not (for example, the large Fernhill sub-zones);
- Retain or reinstate sub-zones that reflect existing visitor accommodation activities where the underlying zone would create future non-compliances for substantial existing businesses (for example, established motels in Low Density Residential zones where activities would become non-complying).

6.42. Some of the single site sub-zones originated as scheduled activities within previous district plans. Where the visitor accommodation activities have been discontinued or the site has been redeveloped for residential purposes, those sub-zones are now considered obsolete and should be removed from the Proposed District Plan.

6.43. Table 7 below lists the VA sub-zones and recommendations which take into account the approach outlined above.

Zone	Address	Activities	Recommendation
Makarora Rural Residential	76 School Road	Visitor accommodation	Retain; addressed in Stage 1
Wanaka LDR	47 – 51 Manuka Cr	Visitor accommodation	Retain
Wanaka LDR	64-68 Hedditch Street	Visitor accommodation	Retain
Wanaka LDR	2 Wanaka-Luggate Highway, 9-10 MacPherson St	Visitor accommodation	Retain
Wanaka LDR	181 Upton Street	Visitor accommodation	Retain; expand to include 185 Upton Street
Wanaka LDR	54 Sargood Drive	Visitor accommodation	Retain

Wanaka LDR	109 – 129 Wanaka-Mount Aspiring Road	Visitor accommodation	Retain
Wanaka LDR	Studholme Road, Stackbrae Ave	Mixed visitor accommodation and residential	Retain; remove Stackbrae Ave subdivision
Wanaka MDR	83 Upton Street, 88-94 Brownston Street	Visitor accommodation	Retain
Wanaka MDR	122 Brownston Street	Visitor accommodation	Retain
Wanaka Large Lot	263 Studholme Road	Visitor accommodation	Retain
Wanaka Large Lot	20 Studholme Road	Visitor accommodation	Retain
Arrowtown MDRZ	18 Cardigan Street	Visitor accommodation	Retain
Arrowtown MDRZ	24 Cardigan Street	Residential	Remove
Arrowtown MDRZ	22 Hertford Street	Visitor accommodation	Retain
Arrowtown LDR	21 Inverness Crescent	Visitor accommodation	Retain
Wakatipu Basin Rural Residential	Corner Speargrass Flat and Slopehill Roads	Rural Residential	Remove
Lake Hayes LDR	25 Arrowtown-Lake Hayes Road	Residential	Remove
Frankton LDR	14 Yewlett Crescent	Mixed visitor accommodation and residential	Retain
Frankton LDR	9 -11 Southberg Ave	Residential	Remove
Queenstown LDR	Goldridge Way	Visitor accommodation	Retain
Queenstown LDR	Goldfield Heights	Visitor accommodation	Retain

Queenstown LDR	48 Goldfield Heights	Vacant	Remove
Queenstown LDR	67 Goldfield Heights	Visitor accommodation	Retain
Queenstown LDR	64 Goldfield Heights	Visitor accommodation	Retain
Queenstown LDR	1 Conifer Lane	Vacant	Retain
Queenstown LDR	19 – 21 Earnslaw Terrace, 136 Frankton Road	Mixed visitor accommodation and residential	Retain
Queenstown LDR	77 Frankton Road	Visitor accommodation	Retain
Queenstown LDR	Pinnacle Place	Mixed visitor accommodation and residential	Remove
Arthurs Point LDR	461 Gorge Road	Vacant	Retain
Fernhill LDR and MDR	Fernhill Road and Aspen Grove	Mixed visitor accommodation and residential	Retain
Fernhill LDR	Broadview Rise	Vacant	Retain
Closeburn Rural Residential	Farrycroft Row	Visitor accommodation	Retain; addressed in Stage 1

Table 7: Proposed approach to visitor accommodation sub-zones

6.44. Additional assessment of those sub-zones proposed to be altered or removed is provided below:

Wanaka LDR	181 Upton Street	Visitor accommodation	Retain; expand to include 185 Upton Street
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The sites at 181-185 Upton Street have been comprehensively developed for visitor accommodation purposes; it is therefore logical to expand the sub-zone over both sites to reflect the underlying development and to avoid future non-compliances under the proposed low density residential zoning.

Wanaka LDR	Studholme Road, Stackbrae Ave	Mixed visitor accommodation and residential	Retain; remove Stackbrae Ave subdivision
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It is proposed to remove the Stackbrae subdivision from the Studholme Road/Stackbrae Ave sub-zone, as it has been recently developed for low density residential purposes with no consents sought for VA activities. This sub-zone related to a former lodge, and is considered to be redundant in regard to the residential subdivision.

Arrowtown MDRZ	24 Cardigan Street	Residential	Remove
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The site-specific sub-zone at 24 Cardigan Street, Arrowtown, is to be removed because the site is used for residential purposes with no VA registrations or consents, and the Council is seeking to avoid very small or single site sub-zones.

Wakatipu Basin Rural Residential	Corner Speargrass Flat and Slopehill Roads	Rural Residential	Remove
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The sub-zone on the corner of Speargrass Flat and Slopehill Roads applied to a former lodge, which was destroyed by fire in 2006. The site has since been subdivided for rural residential purposes, rendering the sub-zone obsolete. It is considered appropriate to remove this sub-zone.

Lake Hayes LDR	25 Arrowtown-Lake Hayes Road	Residential	Remove
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The site at 25 Arrowtown-Lake Hayes Road has been recently developed for residential purposes on the site of a former motel. The sub-zone is now obsolete, and as it relates to only one parcel, can be deleted.

Frankton LDR	9 -11 Southberg Ave	Residential	Remove
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The properties at 9 – 11 Southberg Ave were previously operated as a motel, with the units now used for residential purposes. The sub-zone is therefore obsolete, and as it relates to a small site, it can be deleted.

Queenstown LDR	48 Goldfield Heights	Vacant	Remove
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The sub-zone at 48 Goldfield Heights or 19 Golden Terrace does not contain any development. As it is not being used for VA and is a single site, it is considered appropriate to remove the sub-zone.

Queenstown LDR	Pinnacle Place	Mixed visitor accommodation and residential	Remove
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The sub-zone at Pinnacle Place is relatively large; however, it has been developed primarily for residential purposes with only two sites being registered or consented for visitor accommodation activities. It is therefore considered that the sub-zone is redundant.

Issue 8 – Commercial Transition Overlays and Town Centre Transition Overlays

- 6.45. The Commercial Transition Overlays and Town Centre Transition Overlays, where these are located within a residential zone, are considered to be appropriate locations for a more enabling approach to the establishment and operation of VA activities. The proposed enabling provisions offer owners and/or occupiers with a high degree of certainty that VA activities can be established and operated within these overlays by obtaining a restricted discretionary activity, non-notified resource consent.

Issue 9 – Other Zones where VA is anticipated

- 6.46. Where VA is included in Stage 1 notified zone chapters, as a result of the changes to the definition of VA and Homestays and the introduction a definition of residential VA, these chapters require variations. The approach to VA in these zones, as notified in Stage 1, is not recommended to change, other than consequential amendments resulting from the changes to the definition. The approach to residential VA and homestay activities aligns with the approach taken in the residential zones, ranging from a more enabling approach in the Business Mixed Use Zone to a more restrictive approach in the rural zones. Amended provisions are proposed as variations to the following Stage 1 Chapters: Chapter 16 Business Mixed Use, Chapter 21 Rural, Chapter 22 Rural Residential & Rural Lifestyle, Chapter 23 Gibbston Character Zone, Chapter 41 Jack Point, Chapter 42 Waterfall Park, and Chapter 43 Millbrook.

7. SCALE AND SIGNIFICANCE EVALUATION

- 7.1. The level of detailed analysis undertaken for the evaluation of the proposed objectives and provisions has been determined by an assessment of the scale and significance of the implementation of the proposed provisions. In making this assessment, regard has been had to whether the objectives and provisions:

- Fulfil the Council's role and functions under the Act as required by s 31 and 74(1)(b);
- Impose increased costs or restrictions on individuals, communities or businesses;
- Result in a significant variance from the existing baseline in Operative District Plan;
- Have effects on matters of national importance;
- Adversely affect those resources overseen by special interests groups and statutory bodies;

- Involve effects that have been considered implicitly or explicitly by higher order documents; and
- Whether the proposed provisions are more appropriate in achieving the purpose of the Act than the ODP

7.2. The level of detail of analysis in this report is moderate-high. VA activities are an anticipated part of the District's economy which is founded on tourist activities. However, the effects of this activity need to be managed, while ensuring efficiency and levels of intervention that are reasonable. The proposed provisions have the potential to affect a wide range of persons. Additional consenting information requirements can impose additional costs, however the costs to people, communities and the environment could also be high if activities are not appropriately managed.

8. EVALUATION OF PROPOSED OBJECTIVES SECTION 32(1)(a)

- 8.1. The identification and analysis of issues has helped define how Section 5 of the RMA should be articulated. This has informed determination of the most appropriate objectives to give effect to Section 5 of the RMA in light of the issues.
- 8.2. Section 32(1)(a) requires an examination of the extent to which the proposed objectives are the most appropriate way to achieve the purpose of the Act. The following objectives serve to address the key Strategic issues in the District:

<i>Proposed Objective</i>	<i>Appropriateness</i>
7.2.8 Objective - The location, scale and intensity of visitor accommodation, residential visitor accommodation and homestays is managed to maintain the residential character of the zone.	The objective is the most appropriate way to meet the purpose of the RMA because it recognises and provides the basis for a policy framework to implement the Council's functions required by s31 of the RMA. The objective recognises the potential adverse effects that arise from VA activities and directs the Council to manage them in a manner which limits potential impacts on the social wellbeing of people and communities within the District, and their associated adverse environmental effects are avoided, remedied or mitigated. The objective addresses the location, scale and intensity of VA activities and its effect on residential character. Analysis has found that a predominance of VA activities can have an adverse effect on the character, cohesion and overall amenity of residential areas. This report finds that a significant proportion of the District's short term residential VA activities are located within residentially zoned land and are reaching a threshold where they are compromising their character, cohesion and overall residential amenity. By managing the location, scale and intensity of VA activities adverse impacts on the character, cohesion and overall amenity of residential areas can be managed. Whilst addressing the adverse effects of VA, this objective also recognises that VA at an appropriate scale is appropriate in circumstances where adverse effects can be better managed, and as such can be accessed via a resource consent. This maintains scope for residential VA to be considered in exceptional circumstances as part of meeting the District's tourism demands.
<i>Proposed Objective</i>	<i>Appropriateness</i>

7.2.9 Objective - Manage the establishment of residential visitor accommodation and homestays to ensure that residential units and residential flats are predominantly used for residential activities, and the residential character of the zone is maintained.	The objective is the most appropriate way to meet the purpose of the RMA because it assists the Council to promote sustainable management. In particular, Part 5 of the Act states that social and cultural wellbeing of communities and people's health and safety are key components of sustainable management. Preceding sections of this report have shown that highly cohesive residential areas provide for a communities social and cultural wellbeing as well as people's health and safety. Increased levels of VA activities within residential units can compromise the character and cohesion of residential areas by actually and/or potentially diminishing domestic prevalence, residential permanency, the feeling of safety, stability and isolation. By safeguarding the residential nature, scale, purpose and function of residential units, this objective will work towards enhancing residential character and cohesion, particularly within the District's residentially zoned land, thereby enabling people and communities to provide for their social and cultural well-being as well as their for their health and safety. The objective recognises the influence that visitor accommodation activities can have on residential housing supply. The preceding sections of this report have considered how residential visitor accommodation activities have encroached into the District's residentially zoned land and are displacing a large number of entire house/apartments from the general pool of accommodation available to those looking for long term accommodation. It is concluded that this is an important contributing factor to the District's housing affordability challenges and therefore compromises the social and economic welling of people and communities. It is intended that by managing the location, scale and intensity of visitor accommodation activities a number of whole house/apartments could be reintroduced into the general pool of accommodation options, thereby reducing the impact this activity has on housing affordability in the District. It is also considered that this objective would give effect to the Strategic Direction objectives identified in part 5 of this evaluation. In particular, the objective would give effect to those strategic level objectives and policies which seek logical urban development and growth, as well as those affordable housing and the provision of accommodation options for lower and moderate income households. The scope of the objective in allowing limited VA to be considered via resource consent also seeks to achieve and implement the reply objective 3.2.1.4 to "<i>recognise and provide for the significant socio-economic benefits of tourism.</i>" The objective recognises the relationship between Part 5 and Section 6 which the Council must have particular regard to. In particular, the objective would promote the efficient use of the Districts residential land and identified the finite characteristics of its housing stock, provide for the maintenance and enhancement of amenity values within residential areas and the quality of the environment.
Proposed Objective	Appropriateness

9.2.7 Objective – Visitor accommodation, residential visitor accommodation and homestays is provided for in urban areas close to town centres to respond to strong projected growth in visitor numbers, whilst ensuring that adverse effects on residential amenity and traffic safety are avoided, remedied or mitigated.	The objective is the most appropriate way to meet the purpose of the RMA. In particular, the objective would enable people and communities to provide for their social, economic and cultural wellbeing. It provides a more enabling pathway for the establishment and operation of VA activities within the High Density Residential Zone. This enabling approach recognises that VA activities can have positive effects. In particular, visitors staying in the High Density Residential Zones can easily and quickly access the District's town centres and places of commercial activity on account of their close proximity to these areas. Further, the presence of visitors within these areas contributes to their vibrancy and vitality. Given this, the objective seeks to provide for the positive social, economic and cultural benefits which flow into the District from VA activities. Further, this objective recognises the significant growth within the District's tourism sector and the corresponding need to provide additional VA capacity. It would enable the supply of additional accommodation capacity within the High Density Residential Zones. While the objective takes on a more enabling function, it is not considered that this would give rise to adverse environmental effects or compromise the ability for people and communities to provide for their health and safety. In particular, VA activities would be subject to a range of operational, bulk, location and scale related matters of discretion.
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9. EVALUATION OF THE PROPOSED PROVISIONS SECTION 32(1)(b)

9.1. The following tables consider whether the proposed provisions are the most appropriate way to achieve the relevant objectives. In doing so, it considers the costs and benefits of the proposed provisions and whether they are effective and efficient.

All policies, rules and assessment matters are relevant. A summary of proposed provisions that give effect to the objectives:

Summary of proposed policies

- *Provide for VA in High Density Residential, Visitor Accommodation Sub-Zones or Transitional Commercial or Town Centre Overlays.*
- *Restrict VA in the Low and Medium Density Residential Zones, Arrowtown Residential Historic Management Zone, Large Lot Residential Zone, Rural, Rural Residential & Rural Lifestyle, Gibbston, Jacks Point (specified locations), Waterfall Park (specified locations), and Millbrook zones (specified locations).*
- *Provide for low intensity residential VA and homestays in the Low and Medium Density Residential Zones, Arrowtown Residential Historic*

Management Zone, Large Lot Residential Zone, Rural, Rural Residential & Rural Lifestyle, Gibbston, Jacks Point (specified locations), Waterfall Park (specified locations), and Millbrook zones (specified locations).

Summary of proposed rules

Within the Low and Medium Density Residential Zones, Arrowtown Residential Historic Management Zone, Large Lot Residential Zone, Business Mixed Use, Rural, Rural Residential & Rural Lifestyle, Gibbston, and specified locations within Jacks Point, Waterfall Park, and Millbrook zones:

- *Residential VA activities are specified as permitted activities for a limited number of days per year (no more than 28 days) and for a limited number of lets (no more than 3 lets).*
- *Permitted homestay activities include the letting of one occupied residential unit or flat per site for up to 5 paying guests.*
- *Any VA activity which falls outside of the permitted baseline would be classed as a **discretionary** or **non-complying activity** and would require resource consent.*

Within the High Density Residential, Visitor Accommodation Sub-Zones or Transitional Commercial or Town Centre Overlays, and Business Mixed Use Zone:

- *Residential VA activities are specified as permitted activities for a limited number of days per year (no more than 28 days) and for a limited number of lets (no more than 3 lets).*
- *Permitted homestay activities include the letting of one occupied residential unit or flat per site for up to 5 paying guests.*
- *Any VA activity which falls outside of the permitted baseline would be classed as a **controlled activity** (Business Mixed Use) or **restricted discretionary activity** and would require resource consent.*

Costs	Benefits	Effectiveness & Efficiency
Environmental • The provisions would enable visitor accommodation activities within the High Density Residential Zone through the provision of a restricted discretionary activity, non-notified resource consenting regime for activities which exceed 28 days, where the total number of lets is greater than 3, and where unoccupied residential flats/units are used for visitor accommodation purposes. This may result in a larger proportion of dwellings within the zone	Environmental • The provisions would strengthen the Council's capacity to manage potential adverse effects of visitor accommodation activities on residential amenity, particularly within those lower density residential zones which are identified as having a more prominent residential function, form and feel. The provisions will establish a permitted baseline for visitor accommodation activities which would limit their nature, scale and	The introduction of a simplified and streamlined policy framework for visitor accommodation will provide greater certainty and understanding about the expectations for the residential zones. In particular, this framework sets out a clear distinction within the District Plan that: 1. Visitor accommodation activities are anticipated within the High Density Residential Zone, Visitor Accommodation Sub-Zones, and commercial and town centre transition overlays and that;

being used for visitor accommodation purposes and a corresponding increase in the types of amenity disturbances associated with the activity, i.e additional noise, visitor generated comings and goings, additional pressures on parking space and roading infrastructure. Economic - The provisions would reduce the nature scale and intensity of visitor accommodation activities that owners and/or occupiers of residential units could undertake within the Low and Medium Density Residential Zones, Arrowtown Historic Residential Zone and the Large Lot Residential Zone. This may therefore reduce the amount of supplementary income that could be obtained by way of visitor accommodation activities. A number of owners and/or occupiers may have bought and/or constructed residential units in the expectation that supplementary income could be obtained through the letting of part and/or their entire unit for visitor accommodation activities in order to assist with the high cost of living within the District. By removing a large part of this supplementary income, their financial position may be compromised. - The introduction of a non-complying activity consenting regime for visitor accommodation activities within the lower density residential zones may impose significant costs for owners and/or occupiers who wish to obtain a resource consent to operate outside of the permitted baseline, for example for low intensity visitor accommodation that retains residential use but is above the thresholds.	intensity to a level that is more appropriately aligned with the kind of amenity expected by residents within the zones. By limiting the permitted number of letting days to 28, the maximum number of lets to 3, and requiring all homestay visitor accommodation activities to be occupied, the provisions may reduce the frequency of visitor derived comings and goings, minimise additional demand for parking and traffic infrastructure in these areas and potential noise effects on neighbouring owners and/or occupiers. Economic - The provisions would continue to provide owners and/or occupiers of residential units within the zone with the ability to let out a portion of their dwelling or residential flat as a permitted activity, i.e as a homestay for any number of days provided they occupy the unit at the same time as it is being let. This would therefore provide a permitted activity whereby supplementary streams of income could be obtained. - The restricted discretionary activity, non-notified consenting regime for visitor accommodation activities within the High Density Residential Zone, Visitor Accommodation Sub-Zones, Commercial Transition Overlays and Town Centre Transition Overlays would provide owners and/or occupiers with a high level of certainty that this type of activity could take place. Council would retain discretion over a number of matters in order to manage	2. Visitor accommodation activities are not anticipated within the Low and Medium Density Residential Zones, Arrowtown Historic Residential Zone, the Large Lot Residential Zone, Rural, Rural Residential & Rural Lifestyle, Gibbston Character, and specified locations within Jacks Point, Waterfall Park, and Millbrook zones. The maintenance of a more enabling consenting regime for visitor accommodation activities within appropriate zones, coupled with the introduction of a more restrictive consenting regime within less appropriate zones, or parts of zones, is considered to be the most effective and efficient method to achieve the set of proposed objectives. The restricted discretionary activity, non-notified activity resource consent regime within the High Density Residential Zone, Visitor Accommodation Sub-Zones, Commercial Transition Overlays and Town Centre Transition Overlays would ensure that visitor accommodation activities could be undertaken in these areas provided resource consent is applied for. The provisions would provide both commercial operators and owners/occupiers of residential units with a high degree of certainty that these activities could be undertaken within these zones, minimise consenting costs and associated delays. The restricted discretionary, activity non-notified regime is similar to the existing environment within which people, communities and commercial operators are familiar with, would avoid potential time consuming and costly litigation and confusion which can accompany new or heavily revised plan provisions. In terms of plan administration, it is considered that restricted discretionary activity, non-notified
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• The maintenance of a more enabling consenting regime within the High Density Residential Zone coupled with a more restrictive regime in other areas may artificially inflate the value of residential property, land and rental prices within the High Density Residential Zone on account of their earning potential thereby closing this market off to average wage/salary earners. Social & Cultural • The provisions would result in lower volumes of short term visitors being accommodated within the Low and Medium Density Residential Zones, Arrowtown Historic Residential Zone and the Large Lot Residential Zone which may result in a loss of vibrancy and vitality from these areas. • The provisions would maintain the enabling restricted discretionary activity, non-notified consenting regime within the High Density Residential Zone which may result in the erosion of any remaining residential character and cohesion within these areas.	adverse effects of the activity on the environment as well as on neighbouring owners and/or occupiers. Costs associated with the processing of non-notified resource consents are likely to be significantly less than that associated with higher activity order resource consents. • There may be some instances where non-complying activity resource consents for commercial visitor accommodation activities could be applied for and obtained in order to operate outside of the permitted baseline. The activity has not been made prohibited and has not therefore been wholly excluded from the zones. • The provisions would continue to provide a limited level of visitor accommodation capacity within the low density residential zone which would supplement commercial accommodation capacities during periods of high accommodation demand. • The provisions may result in the return of residential units within the zones to the general pool of accommodation available for long term residents and workers, thereby generating additional supply within the market and reducing the value of property, land and rental prices within the zones. • The majority of those VA sub-zones have been retained, with only six recommended to be removed, one recommended to be expanded and one modified in scale. The retained and/or expanded sub-zones will preserve the certainty that owners and/or	consents are generally straightforward for the Council to process, with a clear set of matters over which the Council has reserved its discretion. Applications for resource consent which address each matter can be granted and a generally standard set of conditions relating to the matters of discretion can be applied in all but the rarest circumstances. The regime therefore recognises the positive social, cultural and economic benefits that may be derived from visitor accommodation activities and provides for these activities in the most effective and efficient manner. The introduction of a more restrictive non-complying resource consent regime within the lower density residential zones effectively demonstrates that visitor accommodation activities are not anticipated within these areas. Resource consents for non-complying activities may only be granted in exceptional circumstances. This activity status effectively portrays the nature, scale and intensity of effects generate by visitor accommodation activities within these zones. The assessment of effects associated with this type of consent is not narrowed or limited in any way and the Council may recommend that it be declined. This would allow plan administrators to effectively consider the full range of adverse effects associated with a specific activity and how it aligns with the accompanying set of objectives and policies. This regime provides plan administrators with additional capacity to notify consent applications in order to more effectively consider the nature, scale and intensity of effects on adjoining owners and/or occupiers and wider communities. This consenting regime is also likely to introduce significant costs for applicants who wish to
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	occupiers of this land have in regard to the status of their existing and/or proposed VA operations. - The retained and expanded VA sub-zones will continue to present opportunities for additional VA development as a restricted discretionary, non-notified activity, and as such are likely to deliver additional VA capacity in due course. <i>Social & Cultural</i> - The provisions would provide the ability to avoid adverse effects on residential character and cohesion within the zones. In particular, it is anticipated that the provisions would slow the conversion and construction of residential units for the exclusive use of visitor accommodation activities. It is considered that this would avoid ongoing adverse effects of visitor accommodation activities on residential character and cohesion within the lower density residential zones. - The provisions may result in the return of residential units within the zones to the general pool of accommodation available for long term residents and workers, thereby making it easier to find residential accommodation and a larger proportion of residential units being used for residential purposes thereby strengthening residential character and cohesion in these zones.	peruse non-complying, and potentially publicly notified, visitor accommodation activities. While these costs could be seen as a significant burden for both applicants and Council officers, they are more likely to act as an effective disincentive that may reduce the number of consents plan administrators are required to process and litigate. The proposed provisions have also recognised and provided for inefficiencies in the Council's capacity to enforce both consented and permitted visitor accommodation activities. In particular, the proposed regime would remove the 3 night minimum stay, reduce the number of permitted let nights to 28, remove the 90 day threshold, and impose a maximum number of permitted lets to 3. This would assist the Council's Enforcement Officers to more effectively track and record compliance or otherwise of all visitor accommodation activities. Not all VA sub-zone land is currently being used efficiently or effectively. Six VA sub-zones are not being used for their anticipated purpose and are recommended to be removed. It is also recommended to expand one sub-zone and modify one other in order to reflect the nature of the existing land use. This approach would ensure that the use associated with the subject land is more appropriately aligned with that which is anticipated by the District Plan.
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Other reasonably practicable options for achieving the objectives (s32(1) (b)(i)):

Option 1

Create a visitor accommodation licencing regime

This option would involve the creation of a controlling regime whereby owners and/or occupiers of residential units would be required to apply for and obtain a specific licence that would permit them to operate visitor accommodation activities. This would involve creating a fixed number of visitor accommodation licences that would permit the operation of visitor accommodation activities by a specific person at a specific location. This method was not considered to achieve the objectives as well as the preferred rules for the following reasons:

- This approach would generate a number of challenges in terms of defining how many licences should be created and how they would be allocated on a fair basis (i.e first come first served, location etc.).
- It is considered that a licencing regime could not be promulgated under an RMA effects based determination in the way that occurs with the allocation and management of finite resources such as water as the relevant resources are not readily divisible or exhaustible. A licencing regime would also be difficult to promulgate as a bylaw given the emphasis of the relevant legislation on nuisance, health and safety matters. The allocation of specific licences would therefore be open to legal challenge which may generate litigation costs for the Council.
- The Council's legal department have advised that there is no clear pathway within existing legislation that would provide for the creation of a licence regime of this nature and it is likely to result in a control mechanism that is vulnerable to legal challenge. This vulnerability would compromise the Council's responsibility to manage the potential adverse effects of visitor accommodation activities in residential zones.
- This regime would require the creation of a complex administration framework, particularly in regard to processes surrounding allocation and the surrender of visitor accommodation licences.

Option 2

Use rating to manage the incidence of visitor accommodation and mitigate the effects

This option would involve the creation of a comprehensive visitor accommodation rating framework. The purpose of this framework would be to more accurately identify the costs (including the full range of social and economic costs) of visitor accommodation activities and alter the Council's rating regime to recapture these costs. This method would include applying this income stream towards providing resident and worker accommodation, and/or providing incentives for landlords to offer long term secure rental accommodation and affordable housing, as well as paying for the services and infrastructure generated visitors. This method was not considered to achieve the objectives as well as the preferred rules for the following reasons:

- Although a distributed costs-based rating framework that charges higher rates for accommodation activities than for conventional residential use is already in place in Queenstown, targeted rates are normally based on a specific service being provided (i.e. funding the cost of a sea wall to halt erosion based on the frontage size of affected sections, or funding public realm improvements for a town centre). Targeted rates are normally applied to fund broadly agreed beneficial works and are never applied in a fashion designed to be punitive or to prevent activities.
- Rates are set according to Council's predetermined budget of costs distributed across households based partly on property values and partly on differentials which reflect differing abilities to pay depending on whether the property is residential, rural or commercial. Funding mitigation of the wide range of indirect costs of visitor accommodation is likely to be very expensive and using a form of property tax to do this is considered highly unusual and unlikely to survive the Annual Plan and Long Term Plan audit process without changes being made to the current relevant legislative framework.
- Avoiding the broad range of costs of visitor accommodation which are experienced across the whole of the housing market is considered to be more efficient and practicable than seeking to fairly distribute mitigation offsetting these effects through a range of individual mitigation interventions.

Option 3

Impose significant infringement penalties against unlawful activities

This option would involve the Council using its monitoring and enforcement powers under the RMA in order to impose financial infringement penalties on those owners and/or occupiers of residential units who operate visitor accommodation activities outside of the existing rule framework in order to reduce the number of illegal operations. This method was not considered to achieve the objectives as well as the preferred rules for the following reasons:

- While enforcing the existing framework of rules could reduce the quantity of unlawful visitor accommodation activities, it is not considered that this approach would result in any significant reintroduction of residential units into the general pool of accommodation available for workers and long term residents. Anecdotal evidence from Council's Enforcement Officer's suggest that units consented to be used for 90 days are seldom available for the remaining 275 days of the year.
- This approach assumes that the Council's Enforcement Officers can practicably monitor visitor accommodation activities being operated under the current set of provisions. Officer's confirm that it is impracticable to properly enforce the more permissive current provisions without applying huge amounts of time and resources to the task and imposing a level of scrutiny on peoples use of their properties that is unacceptable in a context where the adverse effects are indirect and cumulative. Peer-to-peer rental platforms do not share detailed letting information with Council and without this information establishing a robust legal case for prosecuting large numbers of non-complying activities is impractical.
- Although the RMA provides for financial penalties to be imposed of up to \$300,000 and terms of imprisonment of up to 2 years, it is considered highly unlikely that penalties of this scale would be applied in any case of non-compliance related to a visitor accommodation activity as any penalty

must be proportionate to the scale and nature of the offence. Most adverse effects arising from visitor accommodation activities are cumulative (i.e. effects on overall housing supply and residential character/cohesion). The nature and scale of household level offences are likely to attract fines that would be dwarfed by the financial gains that can be obtained from visitor accommodation activities so it is unlikely that this will deter unlawful operators.

- The primary purpose of a penalty is to punish the offender and to deter future offending from this individual or operator. In this sense, prosecution is not the most effective tool to obtain compliance or to achieve desired environmental, social, economic or cultural outcomes.

Option 4

Make all visitor accommodation activities permitted - let the market decide

This option would involve providing for visitor accommodation as a permitted activity in the PDP. It would rely on the market to determine where the activity is located, in what form, nature, scale and intensity. This method was not considered to achieve the objectives as well as the preferred rules for the following reasons:

- This approach would not allow for an effects-based approach to the management of visitor accommodation activities. It overestimates the market's capacity to quantify non-financial negative externalities associated with visitor accommodation activities. In particular, those associated with the erosion of residential character and cohesion, as well as residential amenity.
- Given the observed and forecast levels of tourist and visitor accommodation growth within the District and the levels of financial gain that could be obtained from visitor accommodation activities, it is considered unlikely that the demand for visitor accommodation would slow to such a rate that the financial benefits would outweigh actual or potential adverse effects.
- Current evidence suggests that despite having what is currently a very "light touch" regime for managing visitor accommodation operating in the district the market is not self-regulating. The supply of commercial visitor accommodation in intensive residential zones and commercial zones has not increased in a way that reduces the attractiveness of residential visitor accommodation in other residential zones. The increasing supply of visitor accommodation has not reduced the financial attractiveness of short term visitor accommodation compared with long term rental accommodation. Reasons for this are complex but include the low wages paid to many service workers in the district and the high cost of living, both of which limit the ability of workers and residents to afford higher rents. The "sticky" relationship between long term rents and the relatively static ability of workers and residents to pay rent, together with the consistent and growing numbers of affluent visitors coming into the district willing to pay much higher short-term rents are perpetuating conditions of market failure.

Option 5

Making all visitor accommodation activities prohibited

This approach would involve the classification of all visitor accommodation activities as prohibited within the relevant zones. This would exclude any visitor accommodation activities from being undertaken in these areas. This method was not considered to achieve the objectives as well as the preferred rules for the following reasons:

- This approach would remove the capacity for Council to grant resource consents for visitor accommodation activities within the relevant zones and significantly enhance the Council's capacity to monitor and enforce non-complying activities, effectively resulting in the removal of all visitor accommodation activities from these zones apart from where existing operations have resource consent or can demonstrate existing use rights. This approach is highly inflexible and does not recognise the benefits of visitor accommodation activities at appropriate scales within each of the respective zones (i.e the additional accommodation capacity it provides and the supplementary income it offers to owners and/or occupiers of residential units).
- A prohibited status implies that the activity is not appropriate in any circumstance as its adverse effects would be significant and inevitably compromise the social, economic and cultural wellbeing of people and communities, their health and safety, and result in significant adverse effects on the environment. There is no evidence basis to suggest that visitor accommodation activities would result in adverse effects of this nature. In many ways, the effects of individual or isolated visitor accommodation activities are similar to that of residential activities which are classified as permitted activities within the subject zones. Given this, it is considered that a prohibited activity status would be highly vulnerable to legal challenge.

Option 6

Maintain the status quo – Carry over the Operative District Plan provisions into the Proposed District Plan

This approach would involve inserting the existing visitor accommodation provisions from the Operative District Plan into the relevant chapters of the Proposed District Plan. This method was not considered to achieve the objectives as well as the preferred rules for the following reasons:

- It is not considered that the status quo is adequately avoiding, remedying or mitigating the adverse effects of visitor accommodation activities. The body of evidence collected by the Council shows that visitor accommodation activities is extensively encroaching on the supply of residentially zoned land and is making it difficult for long term residents to find appropriate accommodation. This encroachment has also contributed to the erosion of the type of amenity, character and cohesion expected within residential areas. It is also considered likely that the significant growth in whole house/apartments being used exclusively for visitor accommodation activities has contributed to the District's high level of housing unaffordability. To maintain the status quo would therefore ignore the adverse effects associated with this activity and provide for them to continue to increase on an ongoing basis.
- A discretionary activity classification and weak policy framework has not enabled plan administrators to effectively or efficiently avoid, remedy or mitigate the adverse effects associated with visitor accommodation activities, resulting in large volumes of consent applications being granted for visitor accommodation activities without addressing their known effects.

- Maintaining the existing framework of provisions would ignore those difficulties associated with the Council's capacity to effectively and efficiently monitor and enforce visitor accommodation activities. It would result in continued high levels of non-compliance.
- The existing framework is unclear and difficult to understand for plan users and administrators.

10. THE RISK OF NOT ACTING

- 10.1. Section 32(2)(c) of the RMA requires an assessment of the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the provisions. In this instance, it is not considered that there is uncertain or insufficient information about the subject matter of the provisions.
- 10.2. The Council has commissioned suitably qualified individuals to prepare a study of visitor accommodation activities across the District. This has provided a clearer understanding of the nature, scale and intensity of activities and how they may be adversely affecting housing availability, residential character, cohesion and amenity. The study also provided an insight into the benefits that the activity provides in terms of supplementary household income and additional visitor accommodation capacity. In light of this, it is considered that the issues identified and options taken forward are the most appropriate way to achieve the purpose of the RMA. If these changes were not made there is a risk the District Plan would fall short of fulfilling its functions.

Measuring the scale and scope of Airbnb in Queenstown-Lakes District

for Queenstown-Lakes District Council

October 2017

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1. EXECUTIVE SUMMARY

This report measures the current position of Airbnb within the Queenstown-Lakes District visitor economy. We have used data on Airbnb listings that has been coded to area units and Queenstown-Lakes District planning zones. Such geographical precision has allowed us to report on Airbnb's position within Queenstown-Lakes District as a whole, the Queenstown and Wanaka Regional Tourism Organisation (RTO) areas, and on a zone by zone basis. Insights have also been benchmarked against commercial accommodation's position in the district.

Size of Airbnb in Queenstown-Lakes District

There were 4,106 Airbnb listings in Queenstown-Lakes in August 2017. Airbnb has grown rapidly in Queenstown-Lakes. The number of listings increased from 2,558 in October 2016 to 4,106 listings in August 2017, an increase of 61%. Nationally there were 45,993 Airbnb listings in August 2017, meaning that Queenstown-Lakes accounted for nearly 9% of total Airbnb listings.

During August 2017, there was an average of 10,452 commercial stay units available in Queenstown-Lakes. In percentage terms, the number of Airbnb listings in Queenstown-Lakes was equivalent to 39% of the size of the commercial accommodation sector in August 2017. This proportion grew from 25% in October 2016.

There were 314,199 Airbnb stay unit nights booked in Queenstown-Lakes over the 11 months to August 2017. This equates to 14.1% of commercial accommodation stay unit nights. The reason for Airbnb having a smaller relative number of stay unit nights compared with listings is due to lower occupancy rates. The average occupancy rate in Airbnb over the 11 month period was 32% compared with 64% in commercial accommodation.

In terms of guest nights, Airbnb equated to 14.2% of guest nights in commercial accommodation in the 11 months to August 2017. Visitors tend to stay longer in Airbnb than in commercial accommodation, with average stay lengths of 4.2 and 2.5 days, respectively.

Impact of Airbnb on housing and rental pressure

Airbnb can potentially impact on the well-being of residents of Queenstown-Lakes by removing homes from the available rental pool. To get a sense of this we have compared the number of whole homes listed on Airbnb against the total stock of dwellings in the district. We have also examined how much of the time these homes are available on Airbnb.

The key findings are:

- Most listings (67% or 2,759 houses in August 2017) in Queenstown-Lakes are entire houses/units, rather than just spare private rooms (32%). The remaining listings consist of shared rooms (<1%).
- Houses/units listed on Airbnb in Queenstown-Lakes are generally 3+ bedroom family homes. 58% or 1,611 whole house listings in Queenstown-Lakes in August 2017 were 3+ bedroom homes, compared to 41% nationally.
- Over the 11 months to August, Queenstown-Lakes hosts who made their whole house listings available did so 71% of the time. Such a high proportion of availability suggests that in the absence of the option of

getting superior returns on Airbnb many of the properties might have been in the general rental pool.

- The number of whole houses available on Airbnb was equivalent to 14% of Queenstown-Lakes District's housing stock in the June 2017 quarter. This proportion was the highest in the country and well above the national average of 1.2%.

We conclude that Airbnb has made a significant encroachment on the Queenstown-Lakes rental pool and made finding accommodation for residents substantially more difficult.

Seasonality of Airbnb

Seasonality is observed in both Airbnb and commercial accommodation in terms of stay unit nights, guest nights, occupancy rates. Seasonality is more difficult to measure in Airbnb as underlying growth in popularity of Airbnb. We also only have 11 months' worth of data (from October 2016 to August 2017). Despite this difficulty we can still observe two peaks: mid-summer (January) and midwinter (July) which coincides with the ski-season and school holidays. May is the month with lowest activity.

Based on data for the 11 months to August 2017, seasonality is less pronounced in Airbnb than commercial accommodation. For example, the number of Airbnb guest nights in May is equivalent to 33% of guest nights in January, whereas the comparable ratio for commercial accommodation is 51%. This suggests that Airbnb is picking up slack when commercial accommodation is having more difficulty housing guests. Nevertheless, Airbnb is nibbling away at commercial accommodation even in low demand periods.

Earnings from Airbnb

Airbnb accommodation generated \$68.6m of total revenue for hosts in Queenstown-Lakes District over the 11 months to August. This compares to \$79.5m in Auckland. Airbnbs in Queenstown-Lakes accounted for 23% of total earnings in New Zealand over the period.

The average Airbnb property in Queenstown-Lakes District generated \$19,886 over the 11 months to August. This is about two and a half times higher than the New Zealand average of \$8,221 per property.

The rate per effective room in Airbnbs in Queenstown-Lakes District over the 11 month period was \$109 per night, higher than the New Zealand average of \$73 per night. Compared to 65 other Territorial Authorities, Queenstown-Lakes has the highest average room rate per night.

Comparing Queenstown and Wanaka RTOs

Airbnb listings in the Queenstown RTO account for nearly three-quarters (73%) of total listings in the Queenstown-Lakes-District, while the Wanaka RTO accounts for the other quarter (27%). Airbnb listings as a proportion of the total of Airbnb and commercial accommodation are similar in Queenstown and Wanaka (both close to 40%).

Queenstown listings have higher occupancy rates than Wanaka listings. As a result, Queenstown's share of guest nights (77%) is slightly higher its share of listings.

The data suggests that Airbnb has a larger potential impact on the rental market for families looking for long-term accommodation in Wanaka than in Queenstown. In Wanaka, entire homes/apartments make up a larger share of Airbnbs than Queenstown. Nearly three quarters of Airbnbs in Wanaka are entire

homes/apartments compared with about two thirds in Queenstown. In Wanaka, entire houses/units were available for rent 74% of days in the 11 months to August compared with 70% in Queenstown.

Both Queenstown and Wanaka show similar seasonal patterns with summer and winter peaks. A notable difference is that Wanaka had a very strong August which in terms of most indicators was higher than its summer peak. Queenstown's January summer peak was higher than its July winter peak.

Total earnings in Queenstown were nearly \$56 million in the 11 months to August 2017 compared with nearly \$13 million in Wanaka. Queenstown's share of the total amounted to 81%. On average, an Airbnb listing in Queenstown earned about \$22,000 in the 11 months to August 2017, while the average was about \$14,000 in Wanaka. The average daily rate per effective room in Airbnb in Queenstown was \$115 and \$90 in Wanaka over the 11 month period.

Comparing Zones

The report examines the characteristics of Airbnb listings in the 35 planning zones used by Queenstown-Lakes District Council.

Airbnb's presence is largest in the Low Density Residential Zone which contains 50% of all properties listed on Airbnb over the 11 months to August. The High Density Residential Zone was the second largest with 10% of Airbnb listings, followed by Township (operative) and Rural Lifestyle with 5% each. All other zones were below 5%. Similar proportions were measured for stay unit nights and guest nights.

We have examined the potential impact of Airbnb on the rental market in each zone. Airbnbs in Large Lot Residential zones (78%) and High (73%) and Medium (71%) Density Residential zones are more likely to be for whole houses rather than private room listings. By comparison, approximately half of listings in the Shotover Country Zone are for private rooms.

The data shows that in August 64% of listings (872) in the Low Density Residential Zone were for houses/apartments with 3 or more bedrooms. Just over half of whole houses/units in High Density Residential zones are listed with three or more bedrooms - this is high given that many properties in this area are likely to be townhouses or apartments. Zones where there are a high proportion of 1 bedroom units include Rural (37%), Rural Lifestyle (31%), and Shotover Country (30%).

Despite some variability between zones, the overarching observation is that most whole houses/units listed on Airbnb are available the majority of the time, irrespective of which zone they are located in. Airbnb consequently has a substantial impact on the availability of rentals for families.

Of the \$68.6m of total revenue generated for Airbnb hosts over the 11 months to August, \$34.6m was made by properties in the Low Density Residential Zone. This compares to \$11.9 in the High Density Residential Zone, \$4.4m in the Medium Density Zone and \$3.0m in the Rural Lifestyle Zone.

Other private accommodation providers

There were 1,193 Bookabach listings and 1,044 Holiday Homes listing in Queenstown-Lakes as at the 29th of September 2017. This compares to 4,106 Airbnb listings in August. There is considerable overlap between the three types of listings and Infometrics estimates it likely there is in the order of 5,000 range of unique private accommodation providers in Queenstown-Lakes District.

2. REPORT PURPOSE AND STRUCTURE

This report measures the current position of Airbnb within the Queenstown-Lakes visitor economy. Drawing on detailed Airbnb data we provide a range of insights into the size of Airbnb in the District, stay characteristics and the impact of Airbnb on housing and rental pressures.

Airbnb data has been coded to enable Infometrics to provide insights on Airbnb's position within Queenstown-Lakes District as a whole, the Queenstown and Wanaka Regional Tourism Organisation (RTO) areas and by Queenstown Lakes planning zone areas.

This report has five key sections:

Section 3: provides the analytical framework and six domains used to analyse Airbnb's position in the Queenstown-Lakes District.

Section 4: measures the position of Airbnb within the Queenstown-Lakes visitor economy.

Section 5: compares Airbnb in Queenstown-Lakes District with Wanaka and Queenstown Regional Tourism Organisations.

Section 6: takes a detailed look at Airbnb's position in Queenstown-Lakes by Queenstown-Lakes District Council planning zone areas.

Section 7: briefly looks at what other private accommodation platforms are offering in the area and how they compare to Airbnb.

A detailed excel file accompanies this report.

3. INTRODUCING THE DATA AND FRAMEWORK

To understand with the scale and nature of Airbnb's position in Queenstown-Lakes District, it is important to use a well-structured dataset that covers a broad array of subjects.

This section introduces each analysis domain and why it has been chosen. Relevant background information about the dataset used is also provided.

Scope of each domain and indicators used

Infometrics' analysis of Airbnb has been spread across five domains of interest, with a number of indicators sitting within each domain. The five domains are shown in the table below along with examples of questions that each domain can answer:

Domain	Examples of questions that each domain can answer
Sector size	How many people in total stay in Airbnbs and what are their average occupancies?
Housing/rental pressures	What sort of dwellings are people staying in and are these dwellings likely to have been taken out of the rental pool for the purpose of Airbnb?
Seasonality	Are Airbnbs plugging in gaps at peak times or nibbling at commercial accommodation year-round?
Earnings	How much are hosts making each year and what is the average price for a room?
Quality	Are Airbnb listings in Auckland getting better reviews by guests than the New Zealand average?

Attention has been paid in the design of each domain to not only capture the position of Airbnb within the visitor market, but also to understand the potential for Airbnb to be affecting the availability of rental accommodation within Queenstown-Lakes District.

The rest of this section discusses each domain in more detail and outlines what it is trying to address.

Sector Size

A necessary starting point for analysis is quantifying the underlying size of Airbnb. Establishing relevant benchmarks of size help policymakers understand the magnitude of any potential opportunities or problems, without falling into the trap of relying on unquantified anecdotes.

Is Airbnb being overhyped in the media, or is it actually a significant player in Queenstown's tourism sector and a potential threat to rental affordability across the resort?

The following table outlines which indicators have been included in the sector size section and what each indicator shows.

Indicator	What the indicator shows
Number of properties listed (capacity)	The total number of properties listed can show the capacity of Airbnb at a point in time and this can be compared to commercial accommodation.
Stay unit nights	The total number of nights over a given time period that Airbnbs have been booked in the area. This measure can

	be compared against the commercial accommodation equivalent.
Guest nights	By assuming that guests per property are the same as guests per stay unit in commercial accommodation, we can provide an estimate of the number of guest nights. Note this estimate is likely to be conservative as guests per Airbnb may exceed their commercial accommodation equivalent when there are a lot of whole houses available for rent.
Average stay length	How many days an average Airbnb booking is for. This measure can be compared against commercial accommodation equivalents. If guests are staying for longer on average then there is more opportunity to spend on other services when in the area.
Occupancy rate	The proportion of a given time period that the Airbnb has been booked. This measure can be compared against occupancy in commercial accommodation.

Housing/rental pressures

Airbnb has been singled out as a potential contributor to affordability issues in Queenstown-Lakes District's housing and rental market. The housing/rental pressures domain has been carefully constructed to help fill in information gaps across these areas of concern.

The key focus of the housing/rental pressures domain is understanding the characteristics of homes being rented out via Airbnb and how regularly hosts are trying to rent their properties out on the platform.

These insights will show which suburbs have high concentrations of homes listed on Airbnb that would have been suitable for families to live in long-term. They will also show whether these homes are being opportunistically rented at peak times, or are likely to have been removed from the general rental pool to chase higher returns on Airbnb.

The following table outlines which indicators have been included and what each indicator shows.

Indicator	What the indicator shows
Type of listings (eg. shared room, private room, whole house)	The total number of properties listed broken down by type: shared room, private room, and whole house. This data can help establish whether a listing is just a family renting a spare room or if it is an entire residential unit/home.
Number of bedrooms in whole house Airbnb listings (eg. 1, 2, 3, 4+)	This indicator takes the number of whole house listings and breaks these in to bedroom numbers (1, 2, 3, 4+). This indicator can help establish what type of whole houses are being rented to understand whether they are small units, or homes suitable for accommodating families.
Average proportion of the time that Airbnb is available to be booked	The average number of days over a time period that hosts have made the Airbnb available for rent. If the indicator shows that properties are available most of the time then it is reasonable to assume that in the absence of Airbnb the property could have been in the general rental pool or the room could have been available for a lodger/flatmate.

Airbnb listings as a proportion of the housing stock	The total number of properties listed as a proportion of the dwelling stock ¹ . This indicator is only available for the territorial authority and not suburb level analysis. The indicator shows what proportion of homes in Queenstown-Lakes District are being used for Airbnb. It proxies the proportion of residential ratepayers that may be affected by any policy changes.
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Seasonality

Tourism in Queenstown has traditionally had summer and winter peaks, with relatively lulls in between. However, over recent years activity has begun to spread into shoulder and low seasons, as a sharp lift in visitor numbers has exposed capacity pressures at peak times.

This section investigates the seasonality of Airbnb demand across several indicators. The purpose of this section is to provide evidence as to whether Airbnb is predominantly plugging in gaps at peak times or if Airbnb is nibbling at commercial accommodation year-round.

The following table outlines which indicators have been included and what each indicator shows.

Indicator	What the indicator shows
Stay unit nights by month	The total number of nights each month that Airbnbs have been booked in the area. This measure can be compared against the commercial accommodation equivalent to see if they have similar or different seasonal trends.
Guest nights by month	Looking at the estimate of guest nights from the sector size section on a monthly basis. This measure can be compared against the commercial accommodation equivalent to see if they have similar or different seasonal trends.
Occupancy rate by month	The proportion of each month that Airbnbs have been booked. This measure can be compared against occupancy in the commercial accommodation equivalent to see if they have similar or different seasonal trends.

Earnings

The earnings generated for hosts by providing Airbnb accommodation represent a cash injection in to the local economy.

Unfortunately the intermediation of the transaction by Airbnb means this cash injection is not captured well in existing regional tourism spending estimates. This is because existing regional tourism estimates only effectively capture card spending with local merchants.

This section gives insights into how much money is flowing into the local economy and into each property owner's back pocket as a result of Airbnb. It also gives insights into the average price that Airbnb guests are paying each night.

¹ Infometrics' dwelling stock estimates are based on the local authority breakdown of the dwelling stock available from the census. Changes in the regional dwelling stock between censuses are determined by residential building activity at a local authority level alongside an allowance for the scrappage of existing dwellings. These quarterly estimates at a local authority level are consistent with quarterly nationwide estimates of the dwelling stock regularly published by Statistics NZ.

The following table outlines which indicators have been included and what each indicator shows.

Indicator	What the indicator shows
Total earnings of all properties	The total revenue earned by all properties in the area over a given time period (includes cleaning fees). This indicator represents the total cash injection in to the local economy from Airbnb earnings.
Average earnings for each property	The average earnings of each property is estimated by dividing total revenue in an area by the number of properties available for rent on Airbnb over a given time period. This indicator represents the return which each property owner is earning on average from listing their property on Airbnb.
Average daily rate (\$) per effective room	Each listing's price (including cleaning fees) is converted into an effective room rate by taking in to consideration the number of bedrooms in the listing. An average of this effective room rate is formed across all listings in the area over a given time period. This indicator represents how much it costs on average to rent a room with Airbnb.

Quality

A common complaint from the commercial accommodation sector is that Airbnb accommodation has no assurance of quality and that could undermine visitors' experiences.

However, these complaints do not tell the whole story. Airbnb has its own self-regulating quality framework. This framework is driven by a peer reviewing system that effectively pushes private households into ensuring they deliver a quality experience. If someone gets bad reviews, either they will need to lift their game, or the market will squeeze them out.

This section gives insights into the quality of Airbnb properties within Queenstown-Lakes District by comparing ratings within the district and against other parts of New Zealand.

The following table outlines which indicators have been included and what each indicator shows.

Indicator	What the indicator shows
Average property rating by Airbnb guests	The average rating (out of 5) by guests for properties in the area. This indicator signals how content Airbnb guests have been with the quality of their accommodation and the experience received.

About the dataset

Actual listings data from Airbnb has been used in this report. The raw data has been sourced from Airbnb by a third-party provider, with the information collected on a monthly basis stretching back to October 2016. Infometrics has coded this information to territorial authorities, regional tourism organisation (RTO) and area unit boundaries. The raw data has also been coded by Queenstown-Lakes District Council planning zones.

By categorising the data in this format, comparisons have been able to be made against other territorial authorities and RTOs to see where Queenstown-Lakes district fits in against the rest of New Zealand.

Data categorised this way is also directly comparable against other publicly-available datasets. For example, within the report all indicators under the sector size and seasonality domains have been compared to their commercial accommodation equivalents at a territorial authority or RTO level.

4. PERSPECTIVES AT A DISTRICT LEVEL

This section looks at data on Airbnb in Queenstown-Lakes District. Comparisons to commercial accommodation and ranking against other territorial authorities are made where appropriate. Table 1 provides a summary of all indicators discussed in this section for Queenstown-Lakes and New Zealand.

Subsequent sections break down the insights from Table 1 into Queenstown and Wanaka (Section 5), and then further into zone level analysis (Section 6).

Table 1: Queenstown-Lakes District Summary

	Airbnb		Commercial accommodation	
	Queenstown	New Zealand	Airbnb as % of Commercial	
Number of listings	4,106	45,993	10,427	
<i>Average 11 months to August 2017</i>	3,458	36,654	10,453	33%
Stay unit nights	36,676	197,028	192,683	
<i>Total over 11 months to August 2017</i>	314,199	2,417,430	2,233,864	14%
Guest nights	68,657	334,812	360,700	
<i>Total over 11 months to August 2017</i>	577,962	4,260,119	4,076,759	14%
Average stay length	5.6	4.5	3.1	
<i>Average 11 months to August 2017</i>	4.2	3.9	2.5	
Occupancy	33%	17%	60%	
<i>Average 11 months to August 2017</i>	32%	25%	64%	
Type of listings (% of total)				
Wholes houses/units	67%	50%		
Private rooms	32%	49%		
Share rooms	0.9%	1.5%		
Bedrooms in whole house listings (% of total)				
1 bedroom	20%	32%		
2 bedrooms	22%	27%		
3 bedrooms	33%	24%		
4+ bedrooms	25%	17%		
Airbnb listings as % of housing stock <i>June 2017</i>	14%	1.2%		
Total earnings <i>11 months to August 2017</i>	\$68,640,982	\$292,186,744		
Average daily room rate	\$111	\$68		
Quality	4.8	4.7		

Data is for August 2017 unless otherwise stated

A detailed account of each indicator follows.

Sector size

This domain helps establish a baseline understanding of the underlying size of Airbnb, average stay lengths by guests, and the occupancy rates of Airbnb properties.

All indicators in this domain have been compared against their commercial accommodation equivalents and have been ranked against other territorial authorities.

Capacity

The total number of properties listed on Airbnb shows the capacity of Airbnb at a point in time.

There were 4,106 Airbnb listings in Queenstown-Lakes in August 2017. At the same point in time there were 45,993 Airbnb listings nationally meaning that Queenstown-Lakes accounts for nearly 9% of total Airbnb listings.

Having now established the size of Airbnb's footprint in Queenstown-Lakes District, it is interesting to put these counts alongside numbers from the commercial accommodation sector. This step enables us to get a feel for how many people are choosing Airbnb over hotels, motels, and other traditional options.

If, on any given night, all Airbnb hosts were willing to let out their rooms, then the 4,106 listings that were available as at August 2017 would compare to an average of 10,452 commercial stay units that were available. In percentage terms, the number of Airbnb listings in Queenstown-Lakes was equivalent to 39% of the size of the commercial accommodation sector in August 2017. This proportion was higher than at a New Zealand level (33%). These proportions have risen from 25% and 18% respectively back in October 2016.

Table 2: Airbnb listings compared to commercial accommodation listings

	Queenstown-Lakes District			New Zealand		
	Oct-16	Aug-17	Change	Oct-16	Aug-17	Change
Airbnb	2,558	4,106	61%	24,519	45,993	88%
Commercial accommodation*	10,412	10,427	0.1%	138,079	133,213	-3.5%
Airbnb as % of commercial accommodation	25%	39%		18%	35%	

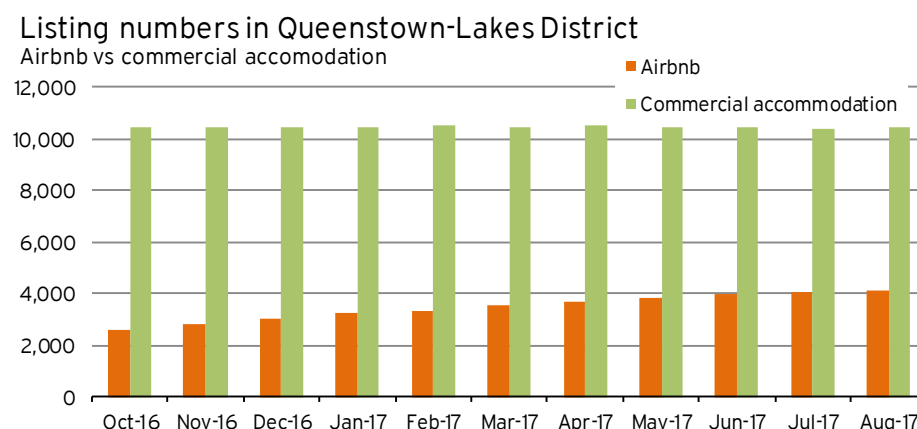
*Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Airbnb has grown rapidly in Queenstown-Lakes. The number of listings increased from 2,558 in October 2016 to 4,106 listings in August 2017, an increase of 61%.

Queenstown-Lakes has not grown as quickly as other regions, but still has the second higher number of Airbnb listings across New Zealand, behind only Auckland.

In August, Queenstown-Lakes District had the 11th largest ratio of Airbnb properties listed to commercial accommodation stay units across 66² territorial authorities. Many other areas with high number of Airbnb properties relative to commercial accommodation stay units tended to be areas with very small commercial accommodation capacity - for example, Porirua with just over 200 commercials stay units available, compared to 206 Airbnb listings.

² There are 67 territorial authorities in New Zealand. However, our analysis only includes 66 as it excludes The Chatham Islands.

Figure 1: Airbnb property listings and commercial accommodation stay units

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Stay unit nights

Stay unit nights show the total number of nights that Airbnbs have been booked.

There were 314,199 Airbnb stay unit nights booked in Queenstown-Lakes over the 11 months to August 2017. Over the same period slightly more than 2.4 million stay unit nights were booked in commercial accommodation. The number of Airbnb stay unit nights in the 11 months to August equated to 14% of commercial accommodation stay unit nights. This was somewhat higher than the national figure of 11.6%.

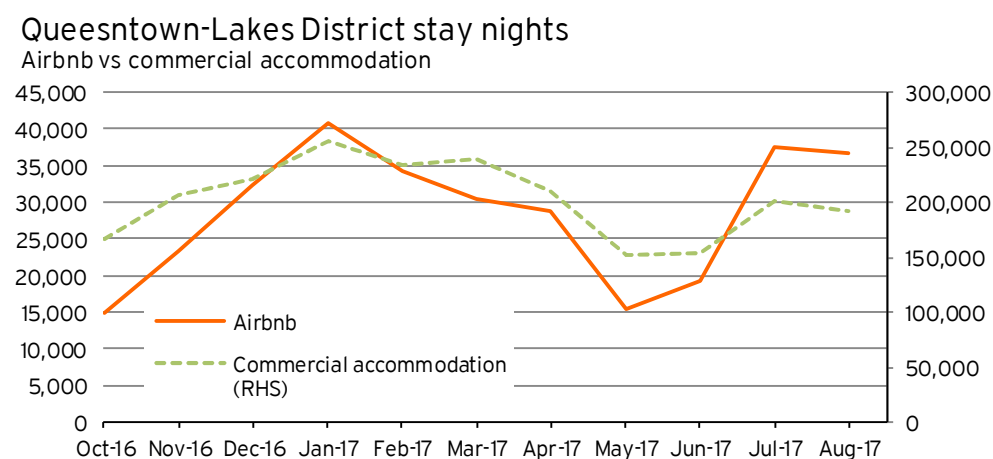
Table 3: Stay unit nights over the 11 months to August 2017

Stay units	Queenstown-Lakes District	New Zealand
Airbnb	314,199	2,417,430
Commercial accommodation*	2,233,864	20,779,037
Airbnb as % of commercial	14.1%	11.6%

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

The reason for Airbnb having a smaller relative number of stay unit nights compared with listings is due to lower occupancy rates. Not all Airbnb hosts are looking to have visitors year-round. Instead some hosts may only be filling up spare rooms at peak times, or renting out their house periodically when they are out of town. By comparison, commercial operators are always aiming to fill their rooms to maximise their return on investment. This is addressed in the occupancy rate indicator.

Queenstown-Lakes District has the ninth highest proportion of Airbnb stay unit nights relative to commercial stay unit nights out of 66 territorial authorities. Ahead of Queenstown-Lakes are Waikato district and Selwyn District at first and second place, respectively.

Figure 2: Airbnb and commercial accommodation stay unit nights in Queenstown-Lakes District

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Guest nights

Airbnb guest nights have been estimated by assuming that guests per property are the same as guests per stay unit in commercial accommodation. We believe this estimate is likely to be conservative as guests per Airbnb may exceed their commercial accommodation equivalent when there are a lot of whole houses available for rent on Airbnb in an area.

Our estimates show that there were 577,962 guest nights in Queenstown-Lakes District over the 11 months to August 2017. By comparison, there were 4,076,759 guest nights in commercial accommodation over the same period. The relative size of Airbnb to commercial accommodation guest nights increased from 9.0% in October 2016 to 20% in August 2017, and averaged 14% over the 11 month period.

Queenstown had the second highest number of guest nights per month out of 66 territorial authorities, behind only Auckland.

Table 4: Guest nights in the 11 months to August 2017

Guest nights	Queenstown-Lakes District	New Zealand
Airbnb	577,962	4,260,119
Commercial accommodation*	4,076,759	72,797,393
Airbnb as % of commercial	14.2%	5.9%

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Average stay length

This indicator shows the average number of days that guests are staying in Airbnb accommodation in the area. If guests are staying for longer on average then there is more opportunity to increase their overall spend in the area.

Guests stayed on average 4.2 nights in Airbnbs in Queenstown-Lakes District over the 11 months to August. This is above the national average of 3.9.

Guests stayed in commercial accommodation in Queenstown-Lakes District for an average of 2.5 nights over the 11 months to August 2017.

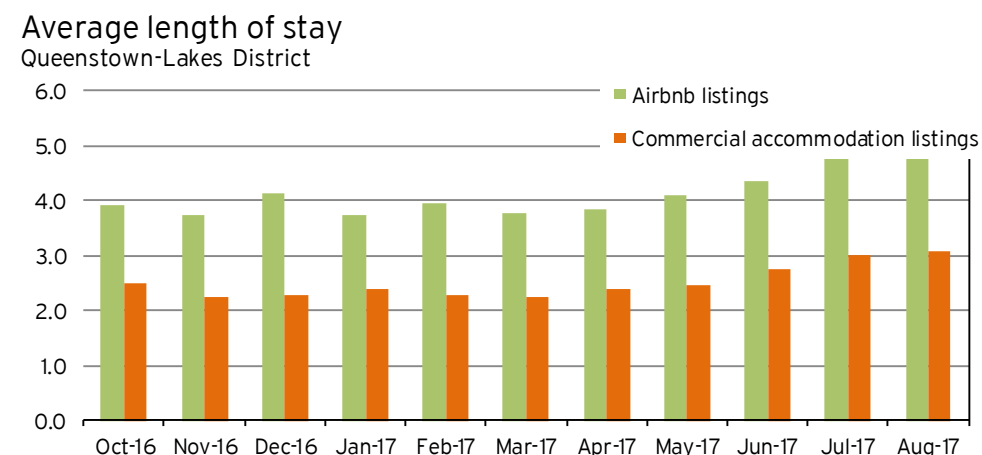
Table 5: Average length of stay over the 11 months to August 2017 (days)

Stay length	Queenstown-Lakes District	New Zealand
Airbnb	4.2	3.9
Commercial accommodation*	2.5	2.0
Airbnb as % of commercial	167%	197%

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Airbnb guests in Queenstown-Lakes District stayed the fifth longest out of 66 territorial authorities in the 11 months to August. In these authorities, 1.0% to 2.0% of listings appeared to be used as long-term rentals (occupied by a single guest for more than 20 days a month).

Figure 3: Guests average length of stay in Airbnb and commercial accommodation



* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from Commercial Accommodation Monitor (CAM)

Occupancy

This indicator measures the proportion of nights an accommodation listing is booked over a specific period.

We estimate that Airbnb properties in Queenstown-Lakes District averaged 32% occupancy over the 11 months to August. This compares with the national average of 25%.

It is important to note that included in our Airbnb occupancy rate are properties which may have not been made available for the entire month. We include these properties in order to ensure the rate is directly comparable with the commercial accommodation equivalent (which assumes availability 100% of the time).

Over the 11 months to August, the average occupancy rate of commercial accommodation was 64%, which is well above the national average of just 45%. This commercial accommodation rate includes hotels and motels, along with holiday parks and camping grounds.

As explained earlier, it is not surprising to see that Airbnb properties operate with lower occupancy rates. Not all Airbnb hosts are looking to have visitors year-round. Instead, some hosts may only fill spare rooms at peak times, or rent out their house periodically when they are out of town. By comparison, commercial operators are always aiming to fill their rooms to maximise their return on investment.

Even so, over the 11 months to August, Queenstown-Lakes had the sixth highest Airbnb occupancy rate across 66 territorial authorities.

Table 6: Average occupancy rate in the 11 months to August 2017

Occupancy	Queenstown-Lakes District	New Zealand
Airbnb	32%	25%
Commercial accommodation*	64%	45%
Airbnb as % of commercial	50%	55%

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Housing/rental pressures

The key focus of the housing/rental pressures domain is understanding the characteristics of homes being rented out via Airbnb and how regularly hosts are trying to rent their properties out on the Airbnb platform.

These insights show which areas have high concentrations of homes listed on Airbnb that would have been suitable for families to live in long-term. They also show whether these homes are being opportunistically rented at peak times, or are likely to have been removed from the general rental pool to chase higher returns on Airbnb.

Benchmarking the number of whole homes listed on Airbnb against the total number of dwellings in Queenstown-Lakes District gives further insight as to how much of the area's housing pool has been directly influenced by Airbnb.

The key findings of this section are:

- Most listings (67% or 2,759 houses) in Queenstown-Lakes are entire houses/units, rather than just spare private rooms (32%). Nationally these proportions are 50% and 40% respectively.
- Houses/units listed on Airbnb in Queenstown-Lakes are generally 3+ bedroom family homes. 58% or 1,611 whole house listings in Queenstown-Lakes are 3+ bedroom homes, compared to 41% nationally.
- Over the 11 months to August, Queenstown-Lakes hosts made their whole house listings available 71% of the time. Such a high proportion of availability suggests that in the absence of the option of getting superior returns on Airbnb many of the properties might have been in the general rental pool.

- The number of whole houses available on Airbnb was equivalent to 14% of Queenstown-Lakes District's housing stock in the June 2017 quarter. This proportion was the highest in the country and well above the national average of 1.2%.

This domain considers these pressures at a district-wide level. Sections 5 and 6 of this report a similar framework of housing pressures is considered for Queenstown and Wanaka and then on a zone-by-zone basis.

Type of listings

The type of listings indicator breaks the total number of properties listed on Airbnb down by type: shared room, private room, and whole house. This data can help establish whether a listing is just a family renting out a spare room or if it is an entire residential unit/home.

Just over two-thirds (67% or 2,759) of Airbnb listings in Queenstown-Lakes District in August 2017 were whole houses/units. 32% (1,306 listings) were private rooms and 0.9% (36 listings) were shared rooms. At a national level 50% of listings were whole houses/units, 40% were private rooms, and 1.5% were shared rooms.

Queenstown-Lakes District has the fourth highest proportion of Airbnb listings that are entire houses or units out of 66 territorial authorities.

Table 7: Airbnb listings by type, August 2017

Type of listing	Queenstown-Lakes District		New Zealand	
	Number	Proportion*	Number	Proportion*
Entire home/apt	2,759	67%	22,917	50%
Private room	1,306	32%	22,320	49%
Shared room	36	0.9%	689	1.5%

*Total shares may not add to 100% due to some observations missing information on listing type (<1%)

This high proportion of whole house/unit listings suggests that a lot of Airbnbs in Queenstown-Lakes District are suitable for rentals, rather than hosts earning a little bit of extra money from spare rooms.

It is useful to now look at the nature of these houses/units to see if they are 3 or 4 bedroom family homes, or if they are small units more suitable for singles or couples.

Number of bedrooms in whole house listings

This indicator takes the number of whole house listings and breaks these in to bedroom numbers (1, 2, 3, 4+). This indicator can help establish what type of whole houses are being rented to understand whether they are small units, or homes suitable for accommodating families.

In August 2017, 58% (1,611) of Airbnb listings in Queenstown-Lakes District were for 3+ bedroom properties, while 22% were for 2 bedroom homes and 20% were for 1 bedroom properties. By comparison, at a national level, 41% were for 3+ bedroom homes, 27% for 2 bedroom, and 32% for 1 bedroom properties.

Queenstown-Lakes District has the second highest proportion of listing that have 3 or more bedrooms, behind only Auckland (at 76% of homes listed with 3 or more bedrooms).

Table 8: Entire house/unit Airbnb listings by number of bedrooms, August 2017

Number of bedrooms	Queenstown-Lakes District		New Zealand	
	Number	Proportion	Number	Proportion
1	546	20%	7263	32%
2	602	22%	6225	27%
3	916	33%	5585	24%
4+	695	25%	3844	17%

*Total shares may not add to 100% due to some observations missing information on number of bedrooms (<1%)

This high proportion of 3+ bedroom homes available on Airbnb indicates that there are significant numbers of homes being listed that would have been suitable for a family to rent.

The big question now is whether hosts in Queenstown-Lakes are only opportunistically renting out their home on occasions or if there is evidence that houses are being taken out of the general rental pool to list on Airbnb.

Proportion of time Airbnb is available to book

This indicator shows the average number of days over a time period that hosts have made their property available to rent on Airbnb.

Understanding how frequently hosts are willing to rent out their property enables us to ascertain whether it is reasonable to assume that in the absence of Airbnb, the home could have potentially been added to the general rental pool.

Entire home/unit listings in Queenstown-Lakes District were on average available for rent 71% of the time over the 11 months to August 2017. By comparison, at a national level, whole home/unit listings on Airbnb were available to rent on average 68% of the time over the 11 months to August 2017.

Table 9: The proportion of time Airbnb properties have been available for over the 11 months to August 2017

	Queenstown-Lakes District	New Zealand
Entire houses/units	71%	68%
All listing types	69%	70%

Table 9 shows that availability for entire houses/units in Queenstown-Lakes District is slightly higher than for all property types generally (including private and shared listings). The opposite is true nationally.

Given that properties are available to rent on Airbnb such a high proportion of the time suggests that in the absence of Airbnb many of the properties in Queenstown-Lakes could have potentially been in the general rental pool.

Nevertheless, Queenstown-Lakes only ranks 54th out of 66 territorial authorities for the average proportion of time that whole homes are available to rent over the 11 months to August 2017.

It seems that most Airbnb properties across territorial authorities are being made available a large proportion of the time.

The territorial authorities where whole houses on Airbnb are available for booking the highest proportion of the time are generally small districts, but many tourist hotspots in the South Island were also above Queenstown-Lakes. Whole house listings in Central Otago District were available to book for 77% of the time in the 11 months to August, while whole house listings in the Mackenzie District and Hurunui District were available for 78% and 84% of the time respectively.

The fact that houses in Queenstown-Lakes were still available most of the time, coupled with the sheer volume of large houses, suggests there is likely to have been significant encroachment into the district's rental pool.

To further come to grips with the magnitude of this problem, it is important to ascertain the number of whole house listings on Airbnb in Queenstown-Lakes compared to the number of dwellings in the district's housing stock.

Airbnb listings as proportion of housing stock

This indicator shows what proportion of homes in Queenstown-Lakes District are being offered as whole house listings on Airbnb. It proxies the proportion of residential ratepayers that may be affected by any policy changes that affect whole house listings.

The data for this indicator is for the June 2017, as opposed to August 2017, as June 2017 is Infometrics' most recent estimate of the dwelling stock.

The data shows that the 2,640 Airbnb entire homes/units that were listed in Queenstown-Lakes District in June 2017 was equivalent to approximately 14% of the 19,376 dwellings in the district. Nationally the ratio stands at 1.2%.

Table 10: Airbnb listings as a % of the housing stock, June quarter 2017

	Queenstown-Lakes District	New Zealand
Airbnb listings*	2,640	21,964
Total housing stock**	19,376	1,828,438
Airbnb as % of total stock	14%	1.2%

* Whole houses/apartments only ** Housing stock estimations by Infometrics

Compared to other territorial authorities, Queenstown-Lakes District has the highest number of whole houses listed on Airbnb as a proportion of the total dwelling stock. Ruapehu District comes in second place, with the number of listings on Airbnb equating to about 3.5% of the dwelling stock in the June 2017 quarter.

The 6,011 entire house/apartments listed on Airbnb in the June quarter in Auckland represents approximately 1.4% of the 544,806 dwellings in our biggest city.

Seasonality

This domain investigates the seasonality of Airbnb demand across several indicators.

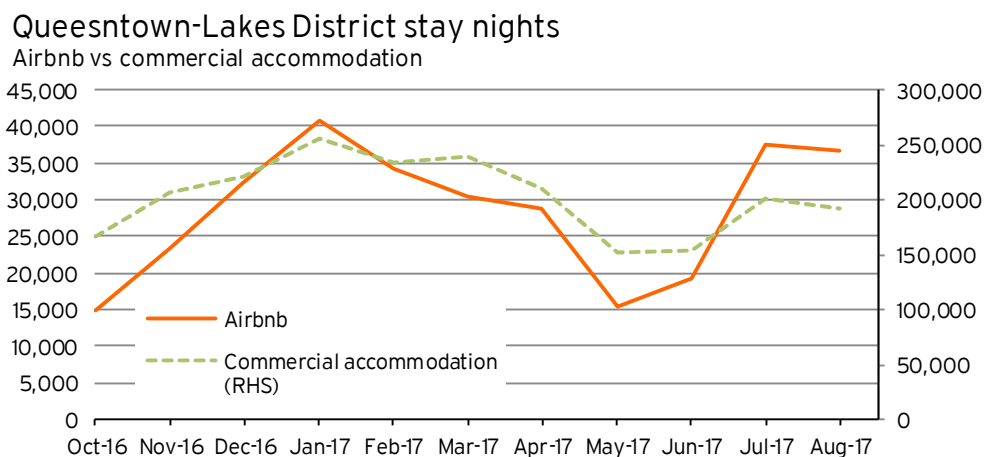
The purpose of this domain is to provide evidence as to whether Airbnb is predominantly plugging in gaps at peak times or if Airbnb is nibbling at commercial accommodation year-round.

Stay unit nights by month

This indicator shows stay unit nights on a month-by-month basis so that seasonal trends can be explored.

Identifying a clear seasonal trend in stay unit nights is challenging as we only have 11 months of data to work with and Airbnb has experienced strong growth over this period. Even so stay unit nights were at their highest in January in Queenstown-Lakes District. Data from the commercial accommodation monitor shows that January also had the highest number of stay unit nights over the year.

Figure 4: Monthly stay nights in Airbnb and commercial accommodation



Guest nights by month

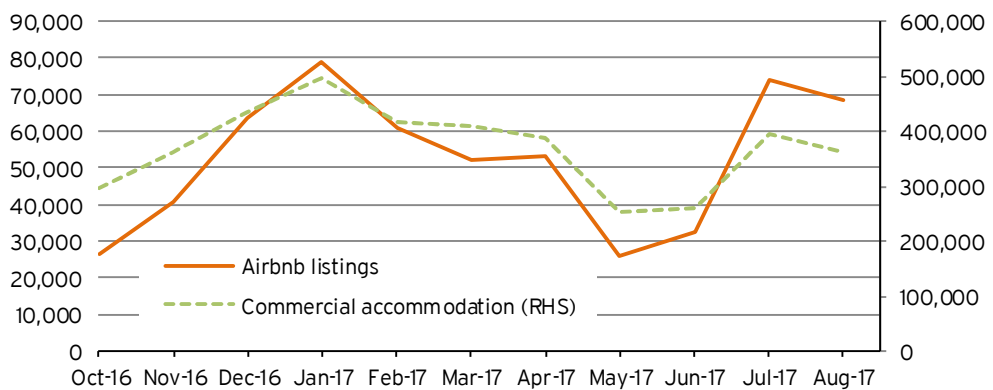
This indicator shows the estimate of guest nights on a month-by-month basis so that seasonal trends can be explored.

Identifying a clear seasonal trend in guest nights is challenging as we only have 11 months of data and Airbnb has been growing through time. Even so, guest nights were at their highest in January 2017 in Queenstown-Lakes District. July 2017 saw the second highest number of guest nights, coinciding with the winter ski season.

Comparing this indicator against the commercial accommodation equivalent shows a similar seasonal peak summer season trend. Both Airbnb and commercial accommodation have the highest number of guest nights occurring in January. Of note is the higher winter peak in the Airbnb data compared to commercial accommodation.

Figure 5: Monthly guest nights at Airbnb and Commercial Accommodation**Queenstown RTO guest nights**

Airbnb vs commercial accommodation

**Occupancy rate by month**

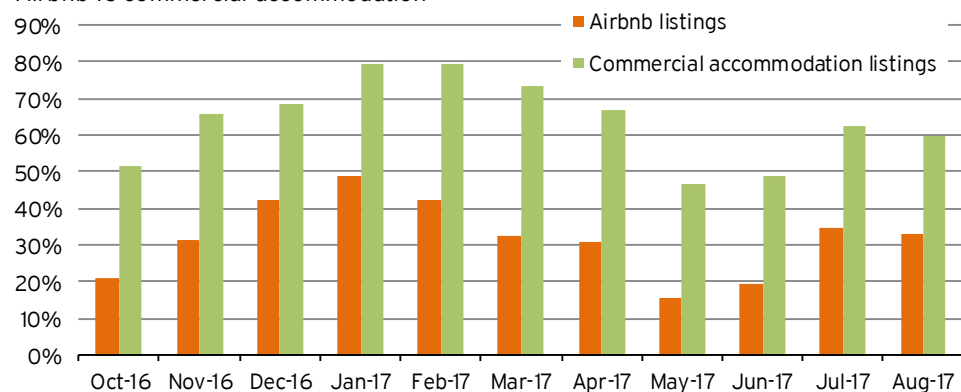
This indicator shows the proportion of each month that Airbnbs have been booked. By looking at occupancy on a month-by-month basis seasonal trends can be established.

Occupancy in Airbnbs in Queenstown-Lakes was highest in January 2017, a similar trend that occurs across New Zealand. Occupancy in Airbnbs in Queenstown-Lakes during this peak month is the seventh highest across 66 territorial authorities.

Comparing Airbnb against commercial accommodation shows that occupancy for Airbnbs in Queenstown-Lakes across all months is lower. However, peak times do coincide and the gap is proportionally smaller at these peaks, suggesting that Airbnb is picking up slack when commercial accommodation is having more difficulty accommodating guests.

Figure 6: Month-by-month occupancy rate in Airbnb and commercial accommodation**Occupancy rate in Queenstown-Lakes District**

Airbnb vs commercial accommodation

**Earnings of Airbnb hosts**

This domain provides insights into how much money is flowing into the local economy and to each property owner. It also provides insights into the average price that Airbnb guests are paying each night.

Table 11: Earnings from Airbnb in the 11 months to August 2017

	Queenstown-Lakes District	Auckland	New Zealand
Total earnings	\$68,640,982	\$79,467,429	\$292,186,744
Average earnings per property	\$19,886	\$6,498	\$8,221
Average daily rate per room	\$109	\$73	\$73

Total earnings of all properties

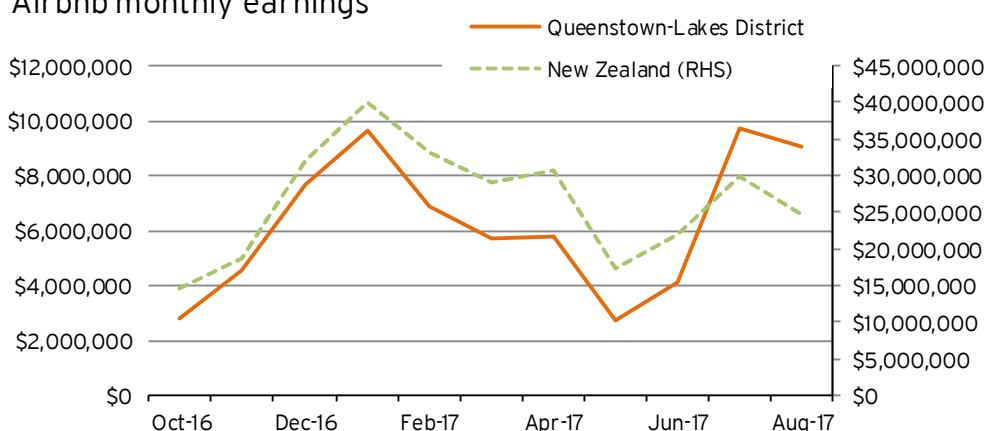
This indicator represents the total cash injection in to the local economy from Airbnb earnings. It is defined as the total revenue (including cleaning fees) earned by all properties in the area over a given time period.

Airbnb generated \$68.6m of total revenue for hosts in Queenstown-Lakes District over the 11 months to August. This compares to \$79.5m in the much larger Auckland. Airbnbs in Queenstown-Lakes accounted for 23% of total earnings in New Zealand over the 11 month period. The highest monthly earnings were measured in July.

In terms of overall earnings over the 11 months to August, Queenstown-Lakes District ranked second out of 66 Territorial Authorities, behind Auckland.

Figure 7: Total monthly earnings from Airbnb listings

Airbnb monthly earnings



Average earnings for each property

The average earnings of each property are estimated by dividing total revenue in an area by the number of properties available for rent on Airbnb over a given time period. This indicator represents the return which each property owner is earning on average from listing their property on Airbnb.

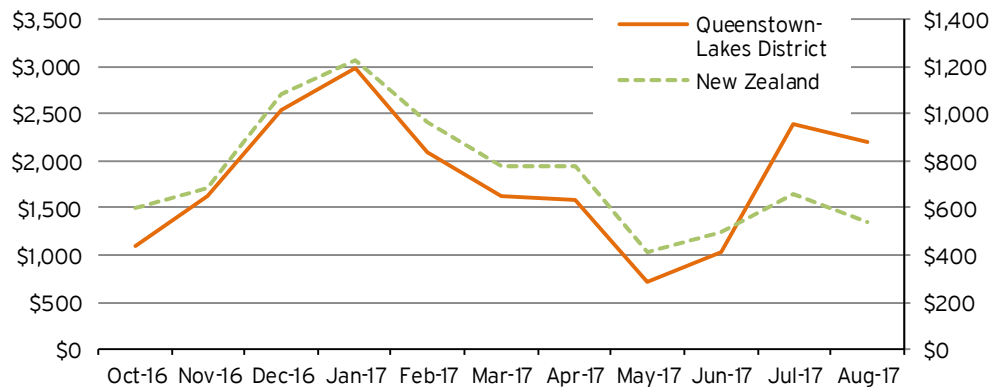
The average Airbnb property in Queenstown-Lakes District generated \$19,886 over the 11 months to August. This is significantly higher than the New Zealand average of \$6,498 per property.

Queenstown-Lakes hosts made the highest amount of money per property across 66 Territorial Authorities in the 11 months to August 2017.

It is also interesting to consider earnings on a monthly basis, to ascertain whether average earnings are higher at peak times.

Figure 8: Average monthly earnings per property

Airbnb monthly earnings per property



Queenstown-Lakes Airbnb's earned about four times more during the peak summer season than they did in May. Properties listed in January earned just shy of \$3,000 on average each, compared to just \$708 in May. Earnings spike again in July, with properties on average earning \$2,393 each. This premium reflects high demand for property during the peak summer and skiing seasons, particularly for times that coincide with school holidays.

Average daily rate (\$) per effective room

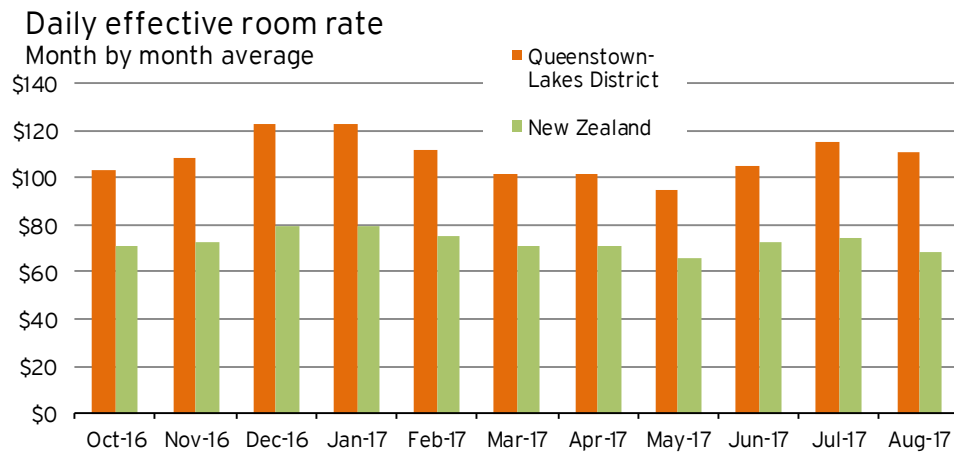
This indicator measures how much it costs on average to rent a room with Airbnb. It is calculated per effective room so that fair comparisons can be made across areas, even if there are a different composition of property types.

Each listing's price (including cleaning fees) is converted into an effective room rate by taking in to consideration the number of bedrooms in the listing and then averaging across all listings.

The data shows that the average daily rate per effective room in Airbnbs in Queenstown-Lakes District over the 11 months to August was \$109 per night. This compares to the NZ average of \$73 per night.

Compared to 66 other Territorial Authorities, Queenstown has the highest average room rate per night.

It is also interesting to consider these effective room rates on a monthly basis, to ascertain whether average daily rates are higher at peak times.

Figure 9: Daily effective room rate, month-by-month

Room rates in Queenstown-Lakes appear to peak during summer months at above \$120 in December and January and fall to \$95 per room in May. A similar trend appears across New Zealand.

Quality

This domain shows insights into the quality of Airbnb properties within Queenstown-Lakes District by comparing ratings within the district and against other parts of New Zealand.

Average property rating by Airbnb guests

This indicator signals how content Airbnb guests have been with the quality of their accommodation and the experience received by measuring the average rating out of 5 by guests for properties in the area.

The data shows that the average rating for Airbnb properties in Queenstown-Lakes District is 4.8. This compares to the NZ average of 4.7.

Table 12: Average Airbnb property ratings, 11 months to August 2017

Zone	Rating
Queenstown-Lakes District	4.8
Auckland	4.7
New Zealand	4.7

5. COMPARING QUEENSTOWN AND WANAKA

Not only does the Crown Range provide a geographical separation between the Queenstown and Wanaka sides of the district, but in terms of destination marketing and promotion the two areas are independently represented by two separate Regional Tourism Organisations (RTOs). These RTOs are called Destination Queenstown and Lake Wanaka Tourism.

This section outlines data on Airbnb in the Destination Queenstown RTO (Queenstown) and the Lake Wanaka Tourism RTO (Wanaka). Comparisons to commercial accommodation and ranking against other RTOs are provided where appropriate. The analysis will cover the five domains.

Table 13 provides a summary of the indicators we calculate for each of the RTOs.

Table 13: Queenstown and Wanaka RTO summary

	Queenstown RTO	Wanaka RTO	New Zealand
Number of listings	2,989	1,117	45,993
<i>Average 11 months to August 2017</i>	2,544	914	36,654
Stay unit nights	25,991	10,685	197,028
<i>Total over 11 months to August 2017</i>	240,992	73,207	2,417,430
Guest nights	48,655	20,002	334,812
<i>Total over 11 months to August 2017</i>	442,942	135,020	4,260,119
Average stay length	5.3	6.3	4.5
<i>Average 11 months to August 2017</i>	4.2	4.1	3.9
Occupancy	32%	35%	0
<i>Average 11 months to August 2017</i>	34%	28%	25%
Type of listings (% of total)			
Wholes houses/units	65%	74%	50%
Private rooms	34%	26%	49%
Share rooms	1.2%	0.1%	1.5%
Bedrooms in whole house listings (% of total)			
1 bedroom	19%	8.9%	32%
2 bedrooms	23%	8.4%	27%
3 bedrooms	34%	13%	24%
4+ bedrooms	24%	12%	17%
Total earnings 11 months to August 2017	\$55,775,224	\$12,865,758	\$292,186,744
Average daily room rate	\$118	\$92	\$66
Quality	4.8	4.8	4.7

All data is for August 2017 unless otherwise specified

Sector size

To establish a baseline understanding of the size of Airbnb, we analyse the number of listings, the average length of stay by guests, and the occupancy rate to Airbnb properties.

Capacity

The total number of properties listed can show the capacity of Airbnb at a point in time.

Table 14: Listings in Queenstown and Wanaka RTOs, August 2017

	Queenstown RTO		Wanaka RTO	
	Level	% of QLDC total	Level	% of QLDC total
Airbnb	2,989	73%	1,117	27%
Commercial accommodation*	7,538	73%	2,843	27%
Airbnb as % of commercial accommodation	39.7%		39.3%	

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Airbnb listings in Queenstown account for nearly three-quarters (73%) of total listings in the Queenstown-Lakes-District. Wanaka accounts for the other quarter (27%). Airbnb listings as a proportion of the total of Airbnb and commercial accommodation are similar in Queenstown and Wanaka. The proportion is close to 40% in both RTOs.

Stay unit nights

Stay unit nights show the total number of nights that Airbnbs have been booked in the area.

Table 15: Stay unit nights by RTO in the 11 months to August 2017

Stay unit nights	Queenstown RTO		Wanaka RTO	
	Level	% of QLDC total	Level	% of QLDC total
Airbnb	240,992	77%	73,207	23%
Commercial accommodation*	1,801,939	81%	432,214	19%
Airbnb as % of commercial accommodation	13.4%		16.9%	

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

There were nearly 241,000 stay unit nights in Queenstown over the 11 months to August 2017 which accounted for 77% of the total in the district. In terms of stay unit nights Airbnb has a slightly larger share of the commercial accommodation market in Wanaka compared with Queenstown.

Relative to other Regional Tourism Organisations, Queenstown has the highest proportion of Airbnb to commercial accommodation stay unit nights. Wanaka comes in at a close second.

Guest nights

Guest nights have been estimated by assuming that guests per property are the same as guests per stay unit in commercial accommodation. This estimate is likely to be conservative as guests per Airbnb may exceed their commercial accommodation equivalent when there are a lot of whole houses available for rent on Airbnb in an area.

Table 16: Guest nights by RTO in the 11 months to August 2017

Guest nights	Queenstown RTO		Wanaka RTO	
	Level	% of QLDC total	Level	% of QLDC total
Airbnb	442,942	77%	135,020	23%
Commercial accommodation*	3,275,972	80%	801,372	20%
Airbnb as % of commercial accommodation	13.5%		16.8%	

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Over the 11 months to August, there were 449,942 guest nights in Queenstown which accounted for 77% of total guest nights in the district and 135,020 in Wanaka which accounted for the other 23%. In terms of guest nights Airbnb has a slightly larger share of the total market in Wanaka compared with Queenstown.

Average stay length

This indicator shows the average number of days that guests are staying in Airbnb accommodation in the area. If guests are staying for longer on average then there is more opportunity to increase their overall spend in the area.

Guests stayed similar lengths of time in Airbnbs in Queenstown and Wanaka, for an average of 4.2 and 4.1 days over the 11 months to August 2017, respectively. This compares to an average length of stay of 3.9 days nationally.

The number of days that guests spend per reservation in Airbnbs is much longer than in commercial accommodation.

Table 17: Average length of stay by RTO over the 11 months to August 2017 (days)

Stay length	Queenstown	Wanaka	QLDC total
	RTO	RTO	
Airbnb	4.2	4.1	4.2
Commercial accommodation*	2.6	2.2	2.5
Airbnb as % of commercial accommodation	163.2%	185.7%	167.4%

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Occupancy

This indicator measures the proportion of nights an accommodation listing is booked over a specific time period.

Table 18 shows that Airbnbs in Queenstown (34%) had a higher average occupancy rate than Wanaka (28%) over the 11 months to August. In both RTOs the Airbnb occupancy rates were substantially lower than in commercial accommodation. The gap in Queenstown (37 percentage points) was substantially larger than in Wanaka (17 percentage points).

Table 18: Average occupancy rate by RTO in the 11 months to August 2017

Occupancy	Queenstown RTO	Wanaka RTO
Airbnb	34%	28%
Commercial accommodation*	71%	45%
Airbnb as % of commercial accommodation	47%	62%

* Commercial accommodation for August 2017 is estimated using July 2017 annual growth rates from the Commercial Accommodation Monitor (CAM)

Housing/rental pressures

The key focus of the housing/rental pressures domain is understanding the characteristics of homes being rented out via Airbnb and how regularly hosts are trying to rent their properties out on the platform.

These insights show which RTOs have high concentrations of homes listed on Airbnb that would have been suitable for families to live in long-term. They also show whether these homes are being opportunistically rented at peak times, or are likely to have been removed from the general rental pool to chase higher returns on Airbnb.

Type of listings

This indicator breaks the total number of properties listed on Airbnb down by type: shared room, private room, and whole house. This data can help establish whether a listing is just a family renting a spare room or if it is an entire residential unit/home.

Table 19: RTO listings by type, August 2017

Type of listing	Queenstown RTO		Wanaka RTO	
	Number	% of total	Number	% of total
Entire home/apt	1,933	65%	826	74%
Private room	1,016	34%	290	26%
Shared room	35	1%	1	0%
Total	2,984	100%	1,117	100%

Table 19 shows that entire homes/apartments make up a larger share of Airbnbs in Wanaka compared with Queenstown. Nearly three quarters of Airbnbs in Wanaka are entire homes/apartments compared with about two thirds in Queenstown.

Number of bedrooms in whole house listings

This indicator takes the number of whole house listings and breaks these in to bedroom numbers (1, 2, 3, 4+). This indicator can help establish what type of whole houses are being rented to understand whether they are small units, or homes suitable for accommodating families.

Table 20: Entire house/unit Airbnb listings by number of bedrooms and RTO, August 2017

Number of bedrooms	Queenstown RTO		Wanaka RTO	
	Number	% of QLDC total	Number	% of QLDC total
1	373	68%	173	32%
2	439	73%	163	27%
3	660	72%	256	28%
4+	461	66%	234	34%
Total	1,933		826	

There are no material differences between Queenstown and Wanaka in terms of Airbnb house size. A similar proportion of houses (nearly six out of ten) have 3 bedrooms or more in both RTOs.

Proportion of time Airbnb is available to book

This indicator shows the average number of days over a time period that hosts have made their property available to rent on Airbnb.

Table 21 provides further evidence that Airbnb has a larger potential impact on the rental market for families looking for long term accommodation in Wanaka compared with Queenstown. In Wanaka entire houses/units were available for rent 74% of days in the 11 months to August 2017 compared with 70% in Queenstown.

Table 21: Proportion of time whole house/units Airbnbs have been available over the 11 months to August 2017 by RTO

	Queenstown		
	RTO	Wanaka RTO	QLDC Total
Entire houses/units	70%	74%	71%
All listing types	67%	74%	69%

Seasonality

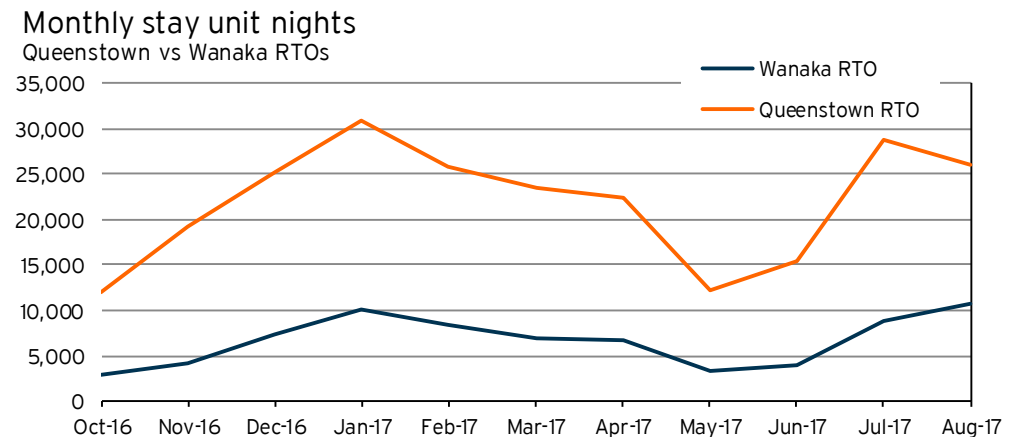
This domain investigates the seasonality of Airbnb demand across several indicators.

The purpose of this domain is to provide evidence as to whether Airbnb is predominantly plugging in gaps at peak times or if Airbnb is nibbling at commercial accommodation year-round.

Stay unit nights by month

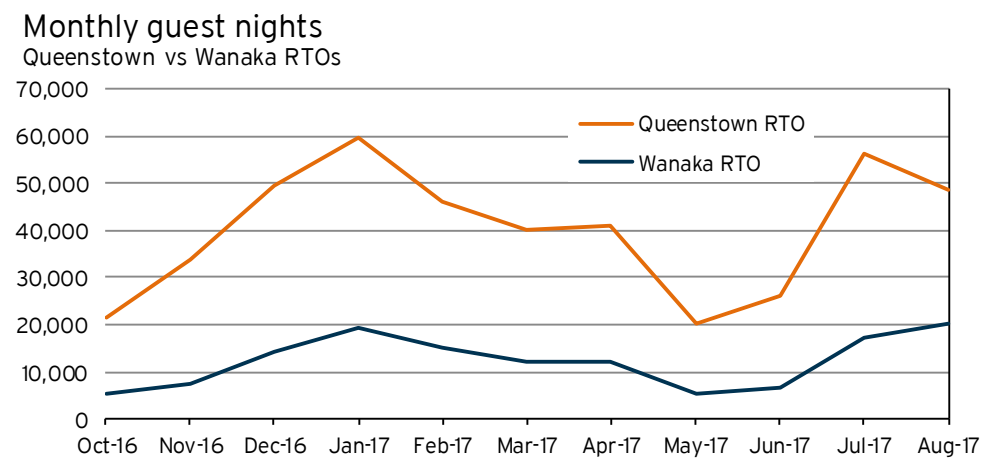
This indicator shows stay unit nights on a month-by-month basis so that seasonal trends can be explored.

Identifying a clear seasonal trend in stay unit nights is challenging as we only have 11 months' worth of data and Airbnb has experienced strong growth over this period. Even so, stay unit nights were at their highest in Queenstown in January with July not far behind. Wanaka hit a peak in August but it is not clear if this was driven by seasonality or the underlying growth in the popularity of Airbnb.

Figure 10: Monthly stay unit nights in Queenstown and Wanaka RTOs**Guest nights by month**

This indicator shows the estimate of guest nights on a month-by-month basis so that seasonal trends can be explored.

Guest nights data shows a similar trend to stay unit nights with Queenstown peaking in January followed by a second peak in July. Wanaka peaks in August.

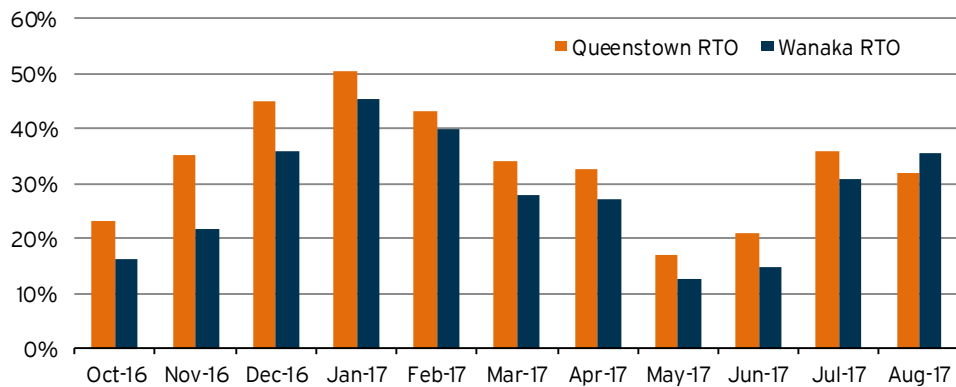
Figure 11. Monthly guest nights in Queenstown and Wanaka RTOs**Occupancy rate by month**

This indicator shows the proportion of each month that Airbnbs have been booked. By looking at occupancy on a month-by-month basis seasonal trends can be established.

Occupancies peaked in both Queenstown and Wanaka in January. Occupancies picked up from a low in May to a winter peak in July and August. However, winter occupancy peaks are substantially lower than the summer peaks. Wanaka experienced lower occupancies than Queenstown over the entire period except August 2017.

Figure 12: Month-by-month occupancy rate in Queenstown and Wanaka RTOs**Monthly occupancy rate**

Queenstown vs Wanaka RTOs

**Earnings**

This domain provides insights into how much money is flowing in to the local economy and into each property owner's back pocket as a result of Airbnb. It also provides insights into the average price that Airbnb guests are paying each night.

Table 22: Earnings from Airbnb by RTO in the 11 months to August 2017

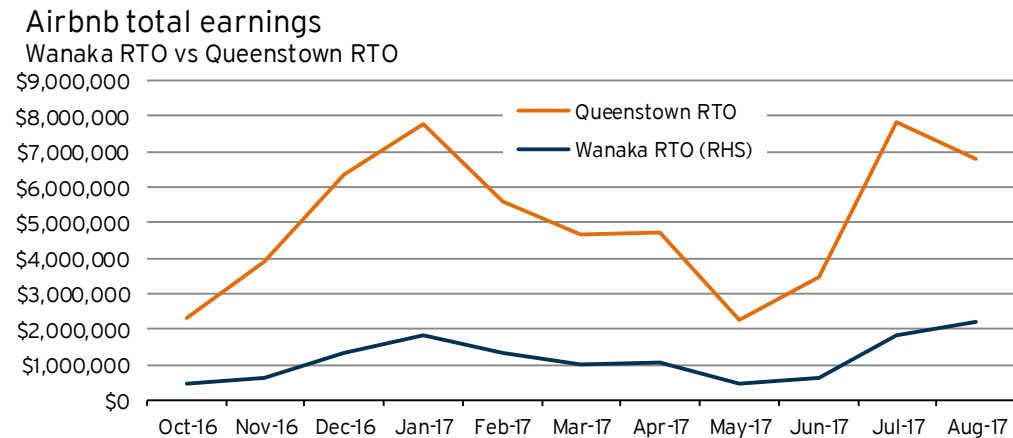
	Queenstown RTO	Wanaka RTO	QLDC total
Total earnings	\$55,775,224	\$12,865,758	\$68,640,982
Average earnings	\$22,022	\$13,917	\$19,886
Average daily rate per room	\$115	\$90	\$109

Total earnings of all properties

This indicator represents the total cash injection in to the local economy from Airbnb earnings. It is defined as the total revenue earned by all properties in the area over a given time period (including cleaning fees).

Total earnings in Queenstown were nearly \$56 million in the 11 months to August 2017 compared with around \$13 million in Wanaka.

Figure 13 shows summer and winter peaks in earnings. Earnings in the May trough are about a quarter of the summer and winter peaks. Total earnings in the winter peak exceeded the summer peak in Queenstown.

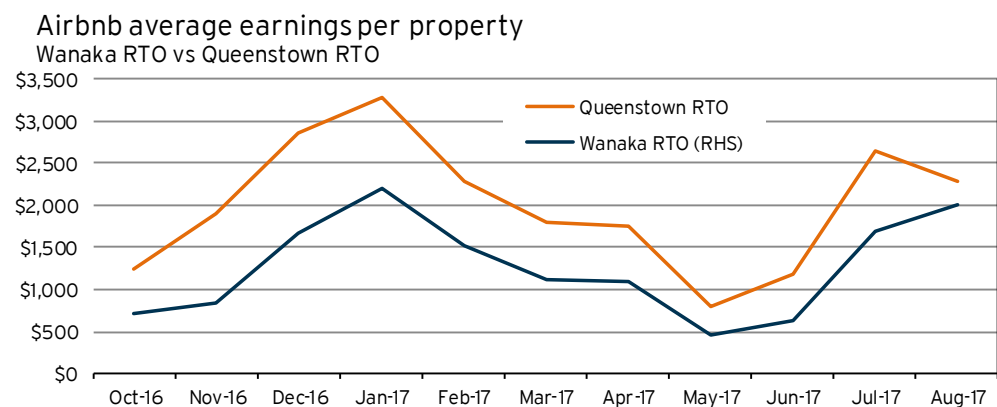
Figure 13: Total monthly earnings from Airbnb listings in Queenstown and Wanaka RTOs

Average earnings for each property

The average earnings of each property are estimated by dividing total revenue in an area by the number of properties available for rent on Airbnb over a given time period. This indicator represents the return which each property owner is earning on average from listing their property on Airbnb.

On average, an Airbnb listing in Queenstown earned about \$22,000 in the 11 months to August 2017 while the average was about \$14,000 in Wanaka.

Figure 14 shows that the average monthly earnings from Airbnb property in Queenstown were substantially higher than Wanaka, although the gap shrinks in May and August. Average earnings are highest in summer.

Figure 14. Average monthly earnings per property in Queenstown and Wanaka RTOs

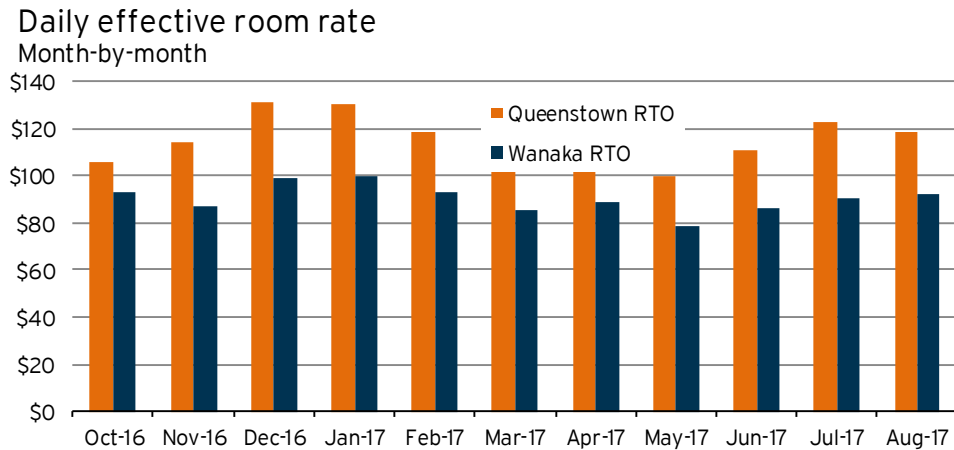
Average daily rate (\$) per effective room

This indicator represents how much it costs on average to rent a room with Airbnb. It is calculated per effective room so that fair comparisons can be made across areas, even if there are a different composition of property types.

Each listing's price (including cleaning fees) is converted into an effective room rate by taking in to consideration the number of bedrooms in the listing and then averaged across all listings.

The average daily rate per effective room in Airbnbs in Queenstown was \$115 and \$90 in Wanaka over the 11 months to August 2017. Figure 15 shows that there are clear summer and winter peaks in the average daily rate.

Figure 15: The daily effective Airbnb room rate, month-by-month in Queenstown and Wanaka RTOs



Quality

This domain provides insights into the quality of Airbnb properties within Queenstown-Lakes District by comparing ratings within the district and against other parts of New Zealand.

Average property rating by Airbnb guests

This indicator signals how content Airbnb guests have been with the quality of their accommodation and the experience received by giving the average rating out of 5 by guests for properties in the area.

With average ratings of 4.8 in both Queenstown and Wanaka Airbnb customers appear to be slightly happier than customers in Auckland and New Zealand as a whole (both 4.7).

Table 23: Average Airbnb property ratings by RTO, 11 months to August 2017

Area	Rating
Queenstown RTO	4.8
Wanaka RTO	4.8
Auckland	4.7
New Zealand	4.7

6. COMPARISONS OF ALL ZONES IN THE DISTRICT

This section looks at Airbnb data disaggregated by Queenstown-Lakes District zones to understand the scale and nature of Airbnb within each of Queenstown-Lakes District's zones. Analysis covers the same five domains used in earlier sections.

We begin this section by summarising the nature of Airbnb across all zones. We then investigate each indicator individually to show how it looks in each zone.

A data spreadsheet for all zones across all indicators accompanies this report to enable detailed zone by zone analysis.

Infometrics assigned Airbnb properties to zones based on GPS co-ordinates sourced from Airbnb and zone boundary data from Queenstown-Lakes District Council. GPS co-ordinates for Airbnb listings are only an approximation of the property's true location (to ensure the host's protection). There is therefore a small possibility that some listings that fall very close to the boundary of two zones can be allocated to the wrong zone. For example, it is possible that a property assigned to the High Density Residential Zone is actually located a few metres away in the Low Density Residential Zone. It is our view that this problem does not get in the way of a generalised understanding of each zone. However, zones which are very small or have very few listings are more likely to be prone to error.

Before considering the nature of Airbnb in each zone in Queenstown-Lakes District, it is useful to consider the district-wide findings made in Section 3 of this report. At a headline level in Queenstown-Lakes District, we established that:

- Most listings (67% or 2,759 houses in the 11 months to August 2017) in Queenstown-Lakes are entire houses/units, rather than just spare private rooms (32%). Nationally these proportions are 50% and 49% respectively.
- Houses/units listed on Airbnb in Queenstown-Lakes are generally 3+ bedroom family homes. In August 2017, 58% or 1,611 whole house listings in Queenstown-Lakes are 3+ bedroom homes, compared to 41% nationally.
- Over the 11 months to August, Queenstown-Lakes hosts made their whole house listings available 71% of the time. Such a high proportion of availability suggests that in the absence of the option of getting superior returns on Airbnb many of the properties might have been in the general rental pool.
- The number of whole houses available on Airbnb was equivalent to 14% of Queenstown-Lakes District's housing stock in the June 2017 quarter. This proportion was the highest in the country and well above the national average of 1.2%.

Summary across all zones

There is considerable variation between the Queenstown-Lakes District Council zones. The zones widely differ in size and location, with a number of different zones present within each suburb or geographic area. The zones also differ according to the purpose they serve, such as to limit the development of dense dwelling types, or to describe a particular area. For example, some zones are largely residential, while others describe rural communities or townships.

Key findings from analysing these zones where Airbnb is most prevalent are:

- The 10 zones with the most Airbnb listings out of the 4,106 in Queenstown-Lakes District in August 2017 were: Low Density Residential (50%), High Density Residential (10%), Medium Density Residential (4.9%), Township (Operative) (4.9%), Special Zone - Shotover Country (4.5%), Rural Lifestyle (4.5%), Large Lot Residential (3.2%), Rural Residential (2.8%), Special Zone - Resort (2.7%), and Rural (2.2%).
- Airbnbs in Large Lot Residential zones (78%) and High (73%) and Medium (71%) Density Residential zones are most likely to be for whole houses rather than private room listings. By comparison, approximately half of listings in Shotover Country are for private rooms.
- The data shows that in August 64% of listings (872) in the Low Density Residential Zone were for houses/apartments with 3 or more bedrooms. Just over half of whole houses/units in High Density Residential zones are listed with three or more bedrooms - this is high given that many properties in this area are likely to be townhouses or apartments. Zones where there are a high proportion of 1 bedroom units include Rural (37%), Rural Lifestyle (31%), and Shotover Country (30%).
- Despite some variability between zones, the overarching observation is that most whole houses/units listed on Airbnb are available the majority of the time, irrespective of which zone it is located in.

The following table (Table 24), gives a summary of indicators for five zones with the highest number of listings.

Table 24: Summary of indicators by the five zones with the highest number of listings

	Low Density Residential	High Density Residential	Medium Density Residential	Township (Operative)	Rural Lifestyle
Number of listings	2,047	421	200	200	183
<i>Average 11 months to August 2017</i>	1,703	375	170	172	158
Stay unit nights	18,782	5,324	2,305	1,156	1,143
<i>Total over 11 months to August 2017</i>	138,285	38,780	15,452	12,492	11,124
Guest nights	35,155	9,966	4,315	2,164	2,140
<i>Total over 11 months to August 2017</i>	288,911	81,123	32,703	25,124	22,609
Average stay length	5.8	5.2	5.7	5.5	4.5
<i>Average 11 months to August 2017</i>	4.3	4.1	4.2	3.7	4.2
Occupancy	34%	45%	42%	23%	22%
<i>Average 11 months to August 2017</i>	33%	39%	36%	28%	28%
Type of listings (% of total)					
Wholes houses/units	68%	73%	71%	64%	69%
Private rooms	32%	26%	30%	36%	30%
Share rooms	0.5%	0.7%	0.0%	1.0%	1.1%
Bedrooms in whole house listings (% of total)					
1 bedroom	17%	19%	9%	29%	31%
2 bedrooms	20%	30%	28%	14%	19%
3 bedrooms	36%	35%	41%	35%	22%
4+ bedrooms	28%	17%	22%	21%	28%
Total earnings	\$4,706,208	\$1,631,947	\$629,133	\$169,508	\$281,574
<i>Total over 11 months to August 2017</i>	\$34,640,202	\$11,889,230	\$4,433,920	\$1,799,482	\$3,003,331
Average daily room rate	\$108	\$137	\$107	\$74	\$130
<i>Average 11 months to August 2017</i>	\$106	\$131	\$107	\$78	\$131
Quality	4.8	4.8	4.8	4.7	4.9

Data is for August 2017 unless otherwise stated

A detailed account of each domain and indicator is provided in the rest of this section.

Sector size

This domain helps establish a baseline understanding of the underlying size of Airbnb, average stay lengths by guests, and the occupancy rates of Airbnb.

Capacity

The total number of properties listed on Airbnb in Queenstown-Lakes District is broken down to show number of listings in the Queenstown-Lakes District Council zones at a point in time.

Close to 70% of all Airbnb listings on average per month in the 11 months to August 2017 were within the Low, Medium, High-Density Residential Zones and the Township (Operative) Zone in Queenstown-Lakes District.

Half of the 4,106 listings were in the Low Density Residential Zone. A further 11% were in the High Density Residential Zone, and approximately 5.0% in were in each of the Medium Density Residential Zone and the Township (Operative) Zone. A further 4.6% of listings were in the Rural Lifestyle Zone.

Table 25: Airbnb listings by zone in October 2016 and August 2017

The number of Airbnb listings on average per month*		
Zones	% of total	Total
Low Density Residential	49%	1,703
High Density Residential	11%	375
Township (Operative)	5.0%	172
Medium Density Residential	4.9%	170
Rural Lifestyle	4.6%	158
Special Zone - Shotover Country	4.4%	154
Large Lot Residential	3.2%	112
Rural Residential	2.8%	98
Special Zone - Resort	2.7%	93
Rural	2%	76
High Density Residential (Operative)	1.7%	58
Special Zone - Quail Rise	1.4%	47
Rural Visitor	1.2%	40
Arrowtown Residential Historic Management Zone	1%	36
Gibbston Character Zone	0.8%	27
Town Centre Queenstown	0.7%	24
Special Zone - Remarkables Park	0.6%	21
Penrith park	0%	16
Special Zone - Meadow Park	0.3%	11
Special Zone - Mount Cardrona Station	0.3%	10
Open Space (Operative)	0.2%	7
Town Centre Wanaka	0%	6
Business Mixed Use	0.2%	6
Special Zone - Bendemeer	0.1%	4
Other	1.0%	34
Queesntown-Lakes District Total		3,458

Between October 2016 (our earliest month of data), and August 2017, there has been significant growth in the number of Airbnb listings across Queenstown-Lakes District. This growth is particularly strong in the residential areas (see figure 16).

Table 26: 11 month growth in the number of Airbnb listings across Queenstown-Lakes District, by zone

The number of listings on Airbnb			
Zones	Oct-16	Aug-17	% change
Low Density Residential	1,260	2,048	63%
High Density Residential	294	421	43%
Medium Density Residential	132	200	52%
Township (Operative)	135	200	48%
Special Zone - Shotover Country	93	185	99%
Rural Lifestyle	123	183	49%
Large Lot Residential	80	133	66%
Rural Residential	78	114	46%
Special Zone - Resort	66	110	67%
Rural	56	89	59%
High Density Residential (Operative)	42	67	60%
Special Zone - Quail Rise	33	56	70%
Rural Visitor	23	51	122%
Arrowtown Residential Historic Management Zone	30	38	27%
Town Centre Queenstown	17	33	94%
Gibbston Character Zone	25	28	12%
Special Zone - Remarkables Park	16	24	50%
Penrith park	13	15	15%
Special Zone - Meadow Park	6	14	133%
Special Zone - Mount Cardrona Station	7	11	57%
Open Space (Operative)	4	8	100%
Town Centre Wanaka	5	8	60%
Business Mixed Use	2	7	250%
Special Zone - Bendemeer	4	5	25%
Other	14	58	314%
Queesntown-Lakes District Total	2,558	4,106	61%

In the 11 months to August, the number of listings in the Low Density Residential Zone increased by 63%. The number of Airbnb listings over the same period in the Medium Density and High Density zones were up by 52% and 43%, respectively. This compared to an average 61% across Queenstown-Lakes District.

Please note that only the 10 zones with the largest number of Airbnb listings have been individually singled out in the remainder of the report, with other zones lumped in to an "other" category. Most zones in the other category each represent less than 1% of Airbnb listings in the district. A full data set has been provided in an accompanying spreadsheet so that QLDC can at its own discretion further investigate zones where Airbnb prevalence is lower.

Stay unit nights

Stay unit nights is the number of nights that Airbnb's have been booked in the area. Stay unit nights reflects how often hosts choose to list their property, along with demand for Airbnbs.

There were 314,199 stay unit nights in Queenstown-Lakes District over the 11 months to August 2017. Of these, 157,067 (50%) were in the Low Density Residential Zone. Over the same period, the number of stay nights in the High and Medium Density Residential Zones was 44,104 (14%) and 17,757 (5.7%), respectively.

Table 27: Stay unit nights by zone over the 11 months to August 2017

Zones	Stay nights	% of Total
Low Density Residential	157,067	50%
High Density Residential	44,104	14%
Medium Density Residential	17,757	5.7%
Township (Operative)	13,648	4.3%
Rural Lifestyle	12,267	3.9%
Rural	5,923	1.9%
Special Zone - Shotover Country	12,336	3.9%
Large Lot Residential	8,808	3%
Rural Residential	7,213	2.3%
Special Zone - Resort	5,872	1.9%
Other	2,050	0.7%
Queenstown-Lakes District	314,199	

Guest nights

Guest nights are the number of guests that stay in Airbnb over a given period of time. The number of guests per property is unknown, and has been estimated by assuming that guests per property are the same as guests per stay unit in commercial accommodation. This estimate is likely to be conservative as guests per Airbnb may exceed their commercial accommodation equivalent when there are a lot of whole houses available for rent on Airbnb in an area.

Our estimates show that of the 577,962 guest nights in Queenstown-Lakes District over the 11 months to August 2017, half were in the Low Density Residential Zone.

Table 28: Guest nights by zone in the 11 months to August 2017

Zones	Guest nights	% of Total
Low Density Residential	288,911	50%
High Density Residential	81,123	14%
Medium Density Residential	32,703	5.7%
Township (Operative)	25,124	4.3%
Rural Lifestyle	22,609	3.9%
Rural	10,904	1.9%
Special Zone - Shotover Country	22,604	3.9%
Large Lot Residential	16,236	2.8%
Rural Residential	13,258	2.3%
Special Zone - Resort	10,814	1.9%
Other	53,675	9.3%
Queenstown-Lakes District	577,962	

Average stay length

This indicator shows the average number of days that guests are staying in Airbnb accommodation in the area. A longer average length of stay per guest means there is more opportunities for guests to spend on other services when in the area.

Guests stayed for an average of 4.2 days in Airbnbs in Queenstown-Lakes District over the 11 months to August 2017. At an average length of stay of 6 days, guest night stays were the longest in Rural Residential (operative) zoned properties. This contrasts with the Business Mixed Use Zone, with guests staying for an average of only 3 nights over the 11 month period.³

³ The Business Mixed Use Zone and Rural Residential (Operative) Zone both had relatively few Airbnb listings per month over the 11 months to August 2017 each. Data for these zones can be found in the accompanying data tables.

Table 29: Average length of stay by zone over the 11 months to August 2017 (days)

Zones	Average stay length
Low Density Residential	4.3
High Density Residential	4.1
Medium Density Residential	4.2
Township (Operative)	3.7
Rural Lifestyle	4.2
Rural	3.5
Special Zone - Shotover Cour	4.1
Large Lot Residential	4.2
Rural Residential	4.5
Special Zone - Resort	4.8
Other	4.2
Queenstown District Council	4.2
New Zealand	3.9

Occupancy

This indicator looks at number of days that a listing was booked as a proportion of total time (11 months to August 2017).

Across all zones, the average occupancy rate over the 11 months to August was low compared to its commercial equivalent. This is because the calculation includes both the time that the listing was made available as well as when the property was unable to be booked.

The High Density Residential Zone had the sixth highest average occupancy rate over the 11 months to August, at 39%. Over the 11 month period, the occupancy rate in the High Density Residential Zone varied between 21% in May and 54% in January. July and August also saw high rates of occupancy, at 49% and 45%, respectively.

Table 30: Average occupancy rate by zone in the 11 months to August 2017

Zones	Average occupancy rate
Low Density Residential	33%
High Density Residential	39%
Medium Density Residential	36%
Township (Operative)	28%
Rural Lifestyle	28%
Rural	28%
Special Zone - Shotover Country	31%
Large Lot Residential	27%
Rural Residential	26%
Special Zone - Resort	24%
Other	28%
Queenstown District Council	32%
New Zealand	25%

Housing/rental pressures

We now seek to understand these housing/rental pressures from Airbnb in Queenstown-Lakes on a zone-by-zone basis.

The key focus of the housing/rental pressures domain is understanding the characteristics of homes being rented out via Airbnb and how regularly hosts are trying to rent their properties out on the platform.

These insights show which zones have high concentrations of homes listed on Airbnb that would have been suitable for families to live in long-term. They will also show whether these homes are being opportunistically rented at peak times, or are likely to have been removed from the general rental pool to chase higher returns on Airbnb.

Key findings from analysing these zones where Airbnb is most prevalent are:

- Airbnbs in Large Lot Residential zones (78%) and High (73%) and Medium (71%) Density Residential zones are most likely to be for whole houses rather than private room listings. By comparison, approximately half of listings in Shotover Country are for private rooms.
- The data shows that in August 64% of listings (872) in the Low Density Residential Zone were for houses/apartments with 3 or more bedrooms. Just over half of whole houses/units in High Density Residential zones are listed with three or more bedrooms - this is high given that many properties in this area are likely to be townhouses or apartments. Zones where there are a high proportion of 1 bedroom units include Rural (37%), Rural Lifestyle (31%), and Shotover Country (30%).
- Despite some variability between zones, the overarching observation is that most whole houses/units listed on Airbnb are available the majority of the time, irrespective of which zone it is located in.

Type of listings

This indicator breaks the total number of properties listed on Airbnb down by type: shared room, private room, and whole house. This data can help establish whether a listing is just a family renting a spare room or if it is an entire residential unit/home.

In August 78% of properties in the Large Lot Residential Zone listed on Airbnb as entire houses or units. Similar high proportion of whole house/unit Airbnb listings were also seen in the High Density Residential zone and the Medium Density Residential Zone at 73% and 71%, respectively. This compares to an average across Queenstown-Lakes District of 67%, and just 50% nationally. This high proportion of whole house/unit listings in these residential zones suggests that a lot of Airbnb's in these areas are suitable for rentals, rather than hosts earning a little bit of extra money from spare rooms.

In contrast, zones such as Shotover Country are much more focussed on private rooms for rent, with almost half of all Airbnb listings private rooms. In other words, half of listings in Shotover Country appear to be people earning a return from a spare room, rather than renting out their whole house/unit.

Table 31: Listings by type and by 10 largest Queenstown-Lakes District Council zones in August 2017 (listing types expressed as % of total).

Zones	Type of listing			Total
	Entire home/apt	Private room	Shared room	
Low Density Residential	68%	32%	0.5%	2,046
High Density Residential	73%	26%	0.7%	419
Medium Density Residential	71%	30%	0.0%	200
Township (Operative)	64%	36%	1.0%	200
Rural Lifestyle	69%	30%	1.1%	183
Rural	64%	36%	0.0%	88
Special Zone - Shotover Country	50%	49%	0.5%	185
Large Lot Residential	78%	22%	0.0%	133
Rural Residential	68%	32%	0.9%	114
Special Zone - Resort	64%	36%	0.0%	110
Other	65%	31%	4.0%	423
Queenstown District Council	67%	32%	0.9%	4,101
New Zealand	50%	49%	1.5%	45,926

Total shares may not add to 100%, due to properties missing information on listing type (<1%). Total includes all properties.

Having established the key zones that have a large number of whole house/unit listings on Airbnb, we will now look at the nature of these houses/units to see if they are 3 or 4 bedroom family homes, or if they are small units for singles or couples.

Number of bedrooms in whole house listings

This indicator takes the number of whole house listings and breaks these in to bedroom numbers (1, 2, 3, 4+). This indicator can help establish what type of whole houses are being rented to understand whether they are small units, or homes suitable for accommodating families.

Across the district, 58% of whole house/unit Airbnb listings in August 2017 were for 3+ bedroom homes. This compares to only 41% nationally.

Considering things on a zone-by-zone basis shows where whole house listings tend to be larger or smaller than the average across Queenstown-Lakes District.

In August 2017, 64% of listings (872) in the Low Density Residential Zone were for houses/apartments with 3 or more bedrooms.

Just over half of whole houses/units in High Density Residential zones are listed with three or more bedrooms. This is high given that many properties listed on Airbnb that are located within High Density Residential zoned areas are likely to be townhouses or apartments. 52% (159) of Airbnb listings in the High Density Residential Zone in August 2017 were for 3+ bedrooms, while 19% were for 1 bedroom and 20% were for 2 bedrooms.

Zones where there are a high proportion of 1 bedroom units include Rural (37%), Rural Lifestyle (31%), and Shotover Country (30%).

Table 32: Entire house/unit Airbnb listings by number of bedrooms and largest Queenstown-Lakes District Council zones August 2017 (number of bedrooms expressed as % of total).

Zones	Number of bedrooms				Total
	1	2	3	4+	
Low Density Residential	11%	14%	24%	19%	1,383
High Density Residential	14%	22%	25%	12%	307
Medium Density Residential	6%	20%	29%	16%	141
Township (Operative)	19%	9%	23%	14%	127
Rural Lifestyle	21%	13%	15%	39%	127
Rural	22%	16%	8%	34%	57
Special Zone - Shotover Country	15%	8%	17%	19%	93
Large Lot Residential	24%	17%	16%	42%	104
Rural Residential	16%	12%	13%	53%	77
Special Zone - Resort	8%	7%	31%	35%	70
Other	0%	0%	0%	0%	273
Queenstown-Lakes District	20%	22%	33%	25%	2,759
New Zealand	32%	27%	24%	17%	22,917

Total shares may not add to 100%, due to properties missing information on listing type (<1%). Total includes all properties

This high proportion of 3+ bedroom homes available on the platform indicates that there are significant numbers of homes being listed on Airbnb that would have been suitable for a family to rent.

The big question now is whether hosts in each zone are only opportunistically renting out their home on occasions or if there is evidence that houses are being taken out of the general rental pool to list on Airbnb.

Proportion of time Airbnb is available to book

This indicator shows the average number of days over a time period that hosts have made their property available to rent on Airbnb.

By understanding how frequently hosts are willing to rent out their property, we can ascertain whether it is reasonable to assume that in the absence of Airbnb, the home/unit could have potentially been added to the general rental pool.

The data shows that entire home/unit listings in Queenstown-Lakes District were on average available for rent on 71% of the time over the 11 months to August 2017. By comparison, at a national level, whole home/unit listings on Airbnb were available to rent on average 68% of the time over the 11 months to August 2017.

Considering things on a zone-by-zone basis shows areas where hosts are making their properties available on Airbnb more or less of the time than the district average. Despite some variability between zones, the overarching observation is that most whole houses/units listed on Airbnb are available the majority of the time, irrespective of which zone it is located in.

Table 33: Proportion of time that Airbnb properties have been available by zone over the 11 months to August (Whole house/units only).

Whole house/unit Zone	% of 11 months
Low Density Residential	70%
High Density Residential	84%
Medium Density Residential	77%
Township (Operative)	67%
Rural Lifestyle	72%
Rural	76%
Special Zone - Shotover Country	46%
Large Lot Residential	76%
Rural Residential	61%
Special Zone - Resort	53%
Queenstown-Lakes District	71%
New Zealand	68%

Seasonality

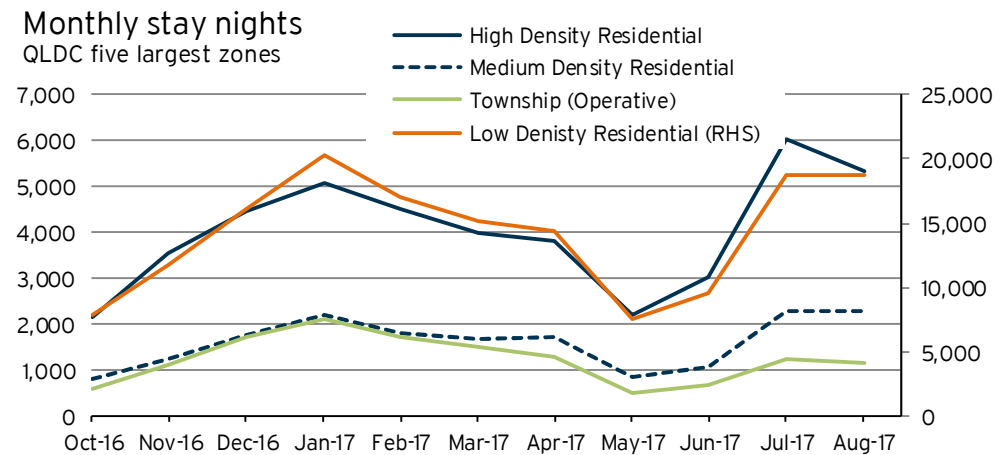
This domain investigates the seasonality of Airbnb demand across several indicators broken down into zones.

The purpose of this domain is to provide evidence as to whether Airbnb is predominantly plugging in gaps at peak times or if Airbnb is nibbling at commercial accommodation year-round.

Stay unit nights by month

This indicator shows the total number of nights each month that Airbnbs have been booked in the area broken down by month.

Stay unit nights across all Queenstown-Lakes District Council zones were at their highest in January. However, there were variations of peak times between zones.

Figure 16: Monthly stay unit nights by five largest zones

The highest month for unit stay nights for listings High Density Residential zones was in July. This was also the case for stay unit nights in Medium Density Residential zones. In part, the high number of unit stay nights during July and August reflects the growing number of listings, but is also likely due to strong demand for areas close to the main centres and to ski fields throughout the winter peak season.

Guest nights by month

This indicator looks at the estimate of guest nights from the sector size section on a monthly basis.

Identifying a clear seasonal trend in guest nights is challenging as we only have 11 months' worth of data and Airbnb has experienced strong growth over this period. Even so, there is clear peaks in January, and July through to August.

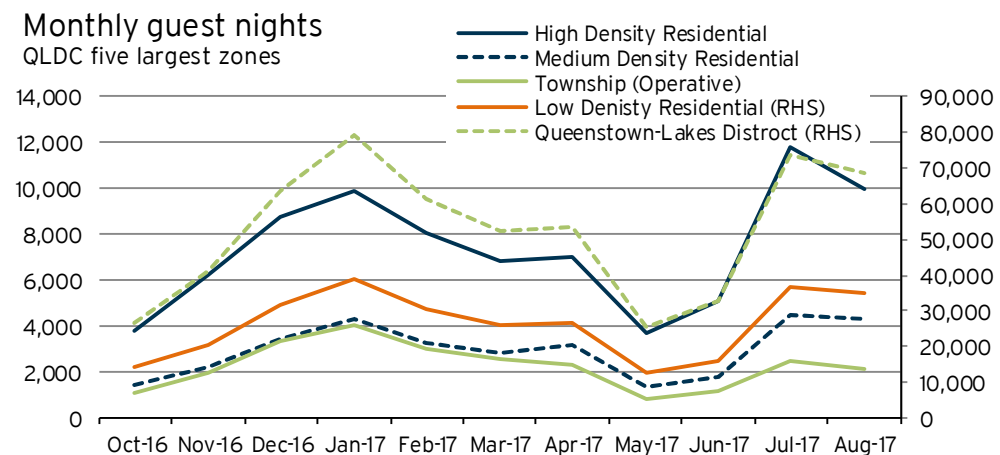
Figure 17: Monthly guest nights in residential zones and Queenstown-Lakes District

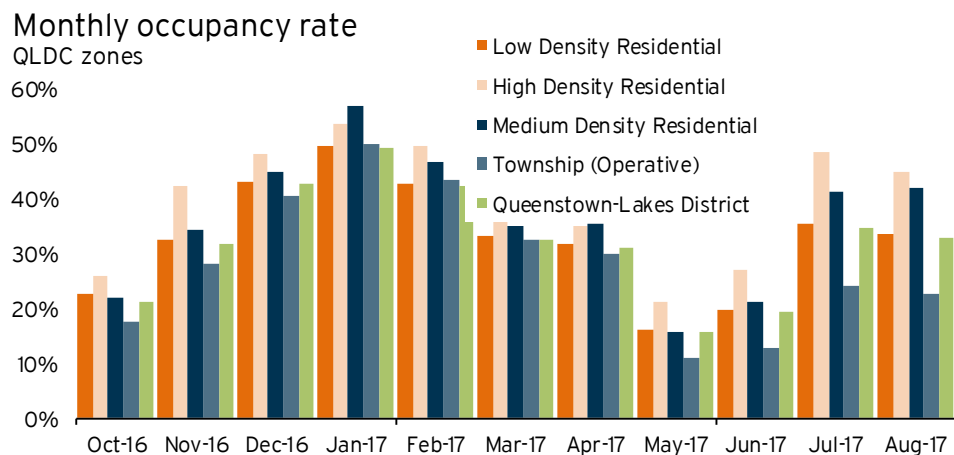
Figure 18 shows clear peaks in January and July can be seen for properties in residential zones.

Occupancy rate by month

This indicator shows the proportion of each month that Airbnbs have been booked. The calculation includes properties which have not been made available to book (for example the host has chosen to block out dates to stay for the Christmas holidays). By looking at occupancy on a month-by-month basis seasonal trends can be established.

January was unsurprisingly the strongest month for occupancy. Of the four zones with the highest number of listings on average per month, the Medium Density Residential Zone had the highest occupancy rate in January, at almost 60%. This is considerable given properties were, on average, available to book only 75% of the time in January.

Figure 18: Month-by-month Airbnb occupancy rate for the five largest zones



Earnings

This domain provides insights into how much money is flowing in to the local economy and into each property owner's back pocket as a result of Airbnb. It also provides insights into the average price that Airbnb guests are paying each night.

Total earnings of all properties

This indicator represents the total cash injection in to the local economy from Airbnb earnings. It is defined as the total revenue earned by all properties in the area over a given time period (including cleaning fees).

Of the \$68.6m of total revenue generated for hosts over the 11 months to August 2017, \$34.6m was made by properties in the Low Density Residential Zone. This compares to \$11.9 in the High Density Residential Zone, and \$4.4m in the Medium Density Zone.

Properties in the Rural Lifestyle Zone also bring in a significant amount of money into the district, totalling \$3.0m in the 11 months to August 2017.

Table 34: Total earnings from Airbnb by zone in the 11 months to August 2017

Zones	Total earnings
Low Density Residential	\$34,640,202
High Density Residential	\$11,889,230
Medium Density Residential	\$4,433,920
Township (Operative)	\$1,799,482
Rural Lifestyle	\$3,003,331
Rural	\$1,012,605
Special Zone - Shotover Country	\$1,585,674
Large Lot Residential	\$1,748,430
Rural Residential	\$1,523,737
Special Zone - Resort	\$1,395,396
Other	\$5,652,454
Queenstown District Council	\$68,640,982
New Zealand	\$292,186,744

Average earnings for each property

The average earnings of each property are estimated by dividing total revenue in an area by the number of properties available for rent on Airbnb over a given time period. This indicator represents the return which each property owner is earning on average from listing their property on Airbnb.

The highest average earnings per property over the 11 months to August 2017 was for properties in the High Density Residential Zone, at \$31,590.

The average Airbnb property in the highest earning zone, the Low Density Residential Zone, earned \$20,369 in the 11 months to August 2017. This compares to the Queenstown-Lakes District average of \$19,886.

Properties in rurally zoned areas earned comparatively less. Lower earnings per property over the period is likely due to below average occupancy rates, along with cheaper listing prices.

Table 35: Total earnings per Airbnb property by zone in the 11 months to August 2017 (for all property types)

Zones	Earnings per property
Low Density Residential	\$20,369
High Density Residential	\$31,590
Medium Density Residential	\$26,143
Township (Operative)	\$10,629
Rural Lifestyle	\$19,159
Rural	\$13,609
Special Zone - Shotover Country	\$10,233
Large Lot Residential	\$15,522
Rural Residential	\$15,712
Special Zone - Resort	\$15,211
Other	\$15,981
Queenstown District Council	\$19,886
New Zealand	\$8,221

Properties listed as whole houses can give us a better understanding of how the return per property for hosts compares with those who choose to lease their house on the private rental market.

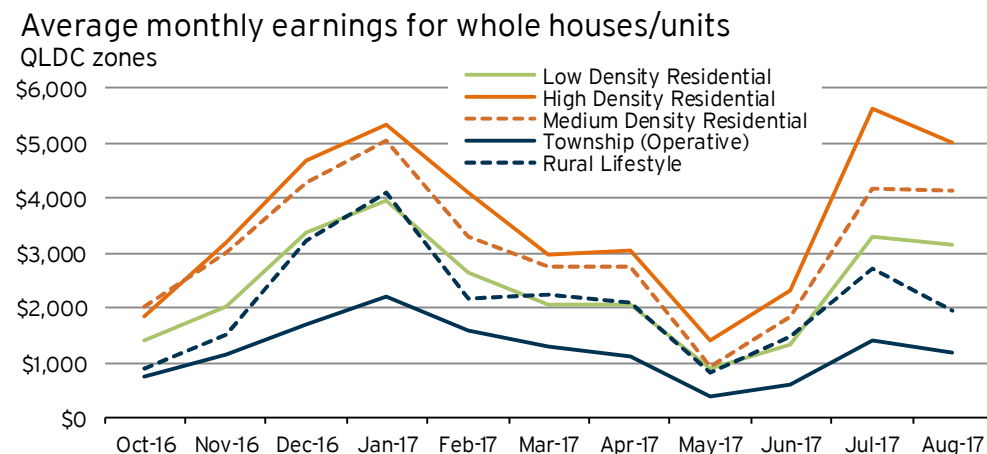
In the 11 months to August 2017, hosts in the Queenstown-Lakes district earned on average \$25,254 per entire house/unit, compared to \$12,426 nationally. Those in High and Medium Density Residential zones made \$39,543 and \$34,347, respectively.

Table 36: Total earnings per Airbnb property by zone in the 11 months to August 2017 for (whole house/units)

Whole houses/units Zones	Earnings per property
Low Density Residential	\$26,258
High Density Residential	\$39,453
Medium Density Residential	\$34,247
Township (Operative)	\$13,345
Rural Lifestyle	\$23,160
Rural	\$16,114
Special Zone - Shotover Country	\$13,750
Large Lot Residential	\$17,905
Rural Residential	\$19,386
Special Zone - Resort	\$18,683
Other	\$19,875
Queenstown District Council	\$25,254
New Zealand	\$12,426

Looking at earnings for the zones with the largest number of listings across time shows that those in the High Density Residential Zone recorded average earnings of \$5,330 in January and \$5,625 during July. Over the 11 months to August 2017, hosts with properties in this zone earned on average \$39,453 each.

Figure 19: Average Airbnb monthly earnings per property for whole houses/units



Average daily rate (\$) per effective room

This indicator represents how much it costs on average to rent a room with Airbnb. It is calculated as per effective room so that fair comparisons can be made across areas, even if there are a different composition of property types.

Each listing's price (including cleaning fees) is converted into an effective room rate by taking in to consideration the number of bedrooms in the listing and then averaged across all listings.

The average daily rate per effective room for properties located in the Low Density Residential Zone was \$106, roughly in line with the Queenstown-Lakes District average. For high density residential zoned properties, the average effective room rate was \$131 per night.

Properties in the Town Centre Queenstown Zone recorded the highest effective room rate of \$173⁴. This compares with an average of just \$73 nationwide.

Table 37: Daily effective room rate by zone, average over 11 months to August 2017

Zones	Average effective room rate
Low Density Residential	\$106
High Density Residential	\$131
Medium Density Residential	\$107
Township (Operative)	\$78
Rural Lifestyle	\$131
Rural	\$106
Special Zone - Shotover Country	\$81
Large Lot Residential	\$111
Rural Residential	\$116
Special Zone - Resort	\$116
Other	\$113
Queenstown District Council	\$109
New Zealand	\$73

Quality

This domain provides insights into the quality of Airbnb properties within Queenstown-Lakes District zones by looking at user ratings.

Average property rating by Airbnb guests

This indicator signals how content Airbnb guests have been with the quality of their accommodation and the experience received by giving the average rating out of 5 by guests for properties in the area.

Most zones in Queenstown-Lakes district were rated at or above the New Zealand average. Areas with more than 10 listings a month with particularly high ratings were the Resort Zone, and the Rural Lifestyle Zone (each with an average score over the 11 months to August 2017 of 4.9).

⁴ The Town Centre Queenstown Zone had relatively few Airbnb listings per month over the 11 months to August 2017. Data for can be found in the accompanying data tables.

Table 38: Average Airbnb property ratings by zone, 11 months to August 2017

Zone	Rating
Low Density Residential	4.8
High Density Residential	4.8
Medium Density Residential	4.8
Township (Operative)	4.7
Rural Lifestyle	4.9
Rural	4.8
Special Zone - Shotover Country	4.8
Large Lot Residential	4.8
Rural Residential	4.8
Special Zone - Resort	4.9
Other	4.8
New Zealand	4.7
Queenstown-Lakes District	4.8

7. OTHER PRIVATE ACCOMMODATION PROVIDERS

Although Infometrics has detailed information about the Airbnb characteristics, very limited information is available about the characteristics of accommodation listed by other private accommodation providers, namely Bookabach and Holiday Houses. A further limitation is that information can only be gathered at a point in time as we do not have access to a time series data set.

Table 39 shows that as at the 29th of September 2017, there were 1,193 listings on Bookabach and 1,044 on Holiday Houses in the Queenstown-Lakes District.

Table 39: Bookabach and Holiday Houses listing numbers on September 29 2017

	Queentown	Wanaka	Queenstown-Lakes District
Bookabach	552	453	1,193
Holiday Houses	470	433	1,044

It should be noted that the above numbers are based on Bookabach's town boundaries of Queenstown and Wanaka and these are not consistent with the RTO boundaries. For this reason, the sum of Queenstown and Wanaka does not equal the Queenstown-Lakes District total.

There is duplication between Bookabach, Holiday Houses, and Airbnb. This means the total units available in the Queenstown-Lakes District is not the 6,434 units (4,106 Airbnbs plus 1,193 Bookabach and 1,044 Holiday Houses). Infometrics used a random small sample of Bookabach, Holiday Houses and Airbnb listings to gauge the level of duplication across the three platforms. What we found was that there was a large amount of duplication between whole house listings on the Bookabach and Holiday Houses sites. Duplication between Airbnb and the two other platforms was less pronounced. As a result of this small test, we estimate that there are currently around 5,000 unique listings in the Queenstown-Lakes District.

In lieu of more detailed data for listings on Bookabach and Holiday Houses, further analysis is limited. Nevertheless, Airbnb is twice the size of the other two main private accommodation providers in the area and is on a rapid growth trajectory. Infometrics believes that the analysis of Airbnb gives broad understanding about the scale of the sector, and very importantly for this analysis, a well-categorised database of the characteristics of each property. Airbnb data is also more likely to represent trends in international visitor arrivals, as Airbnb is widely used in the international market and is a framework foreign guests are comfortable using.

Figure 1: Heatmap of Airbnb listings August 2017

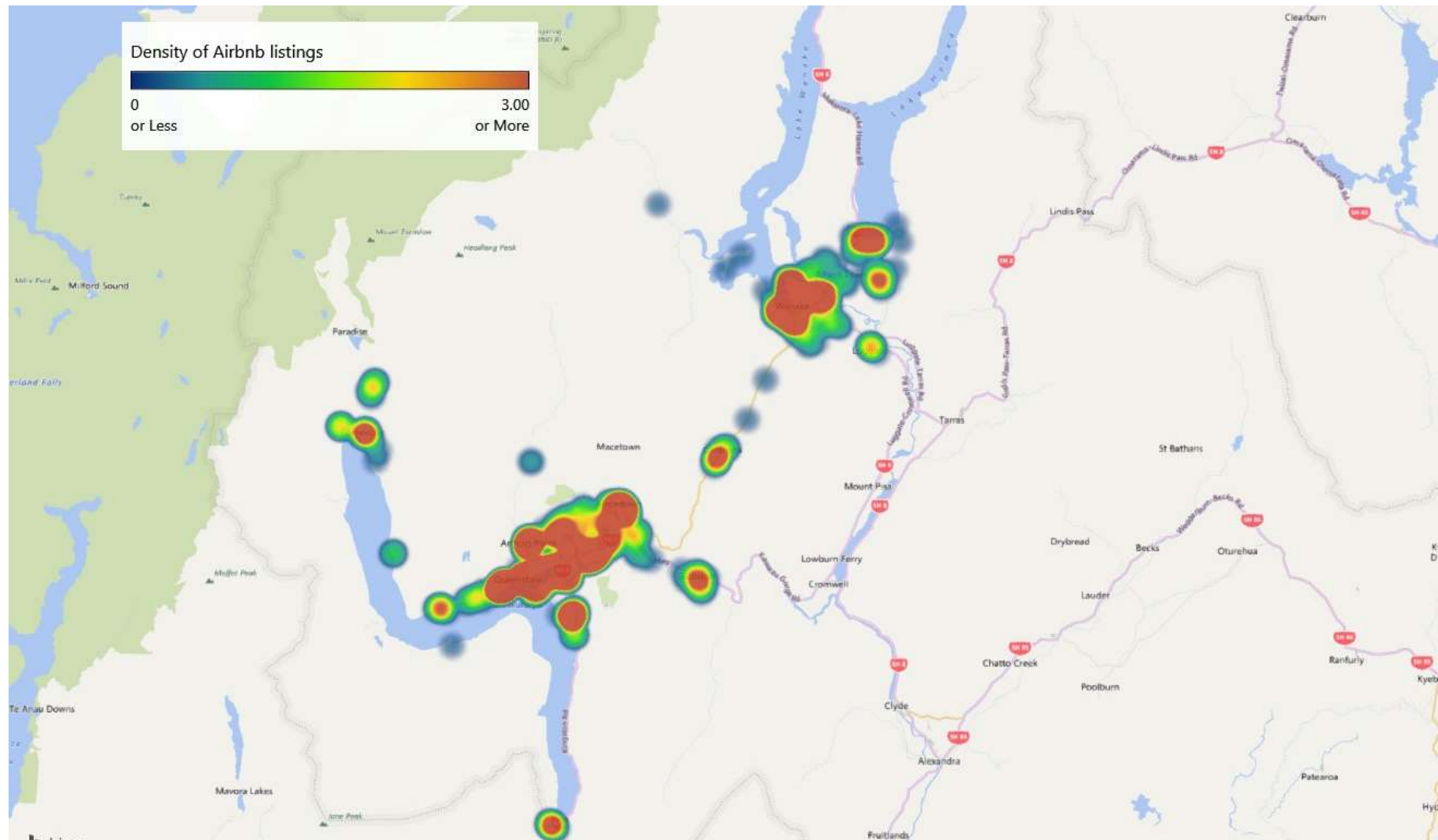


Figure 2: Heatmap of Airbnb listings August 2017, Queenstown

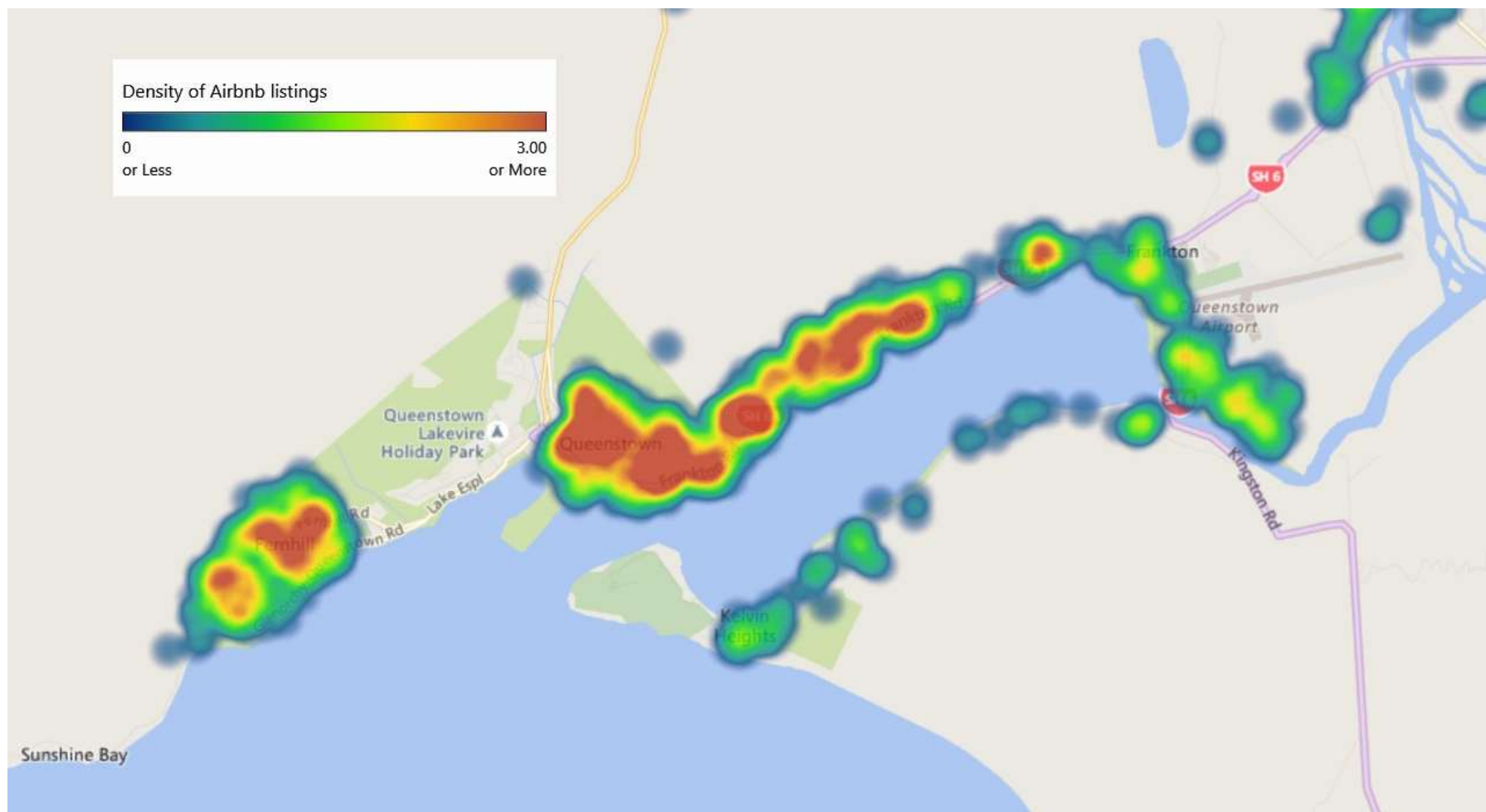


Figure 3: Heatmap of Airbnb listings August 2017, Lake Hayes

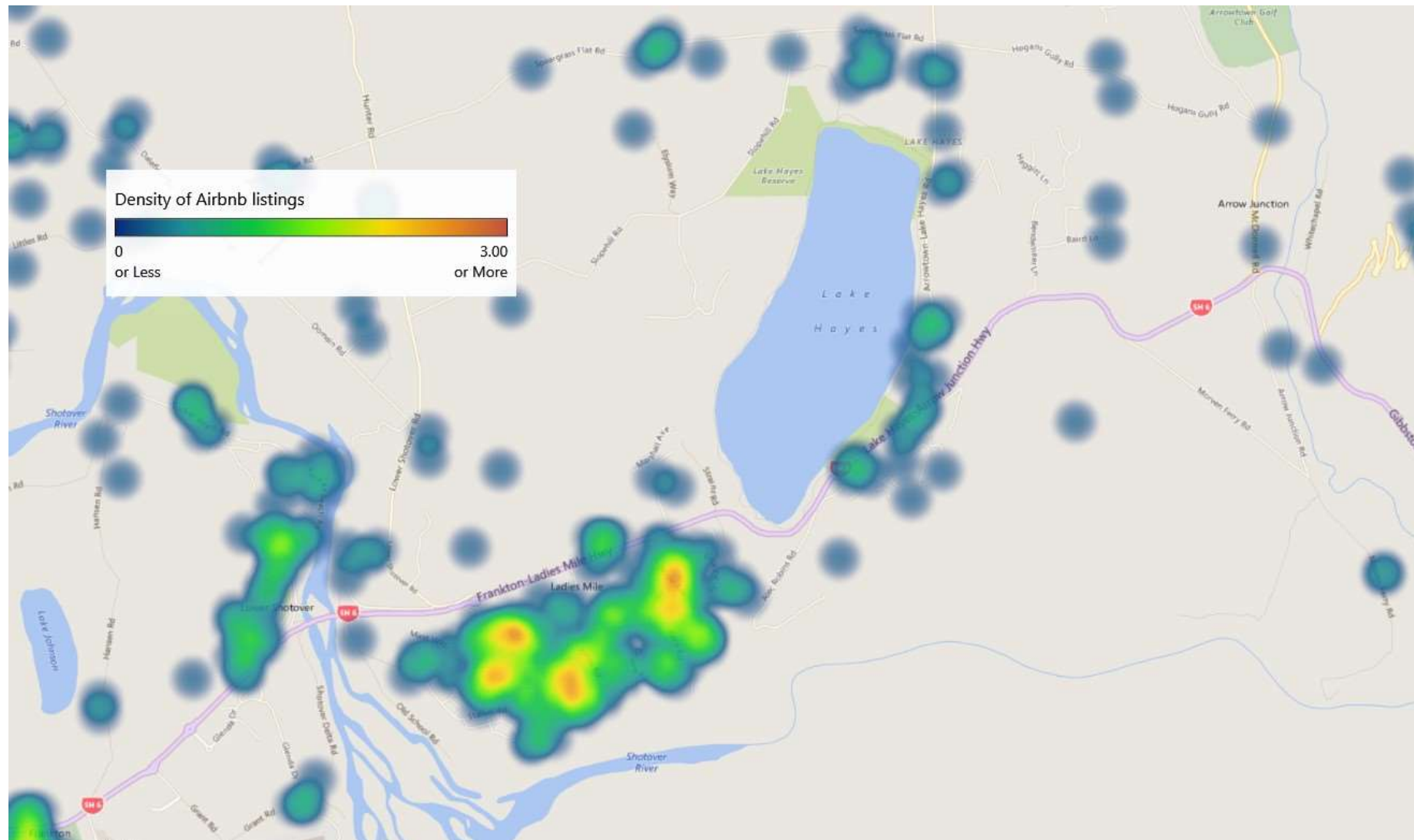


Figure 4: Heatmap of Airbnb listings August 2017, Wanaka

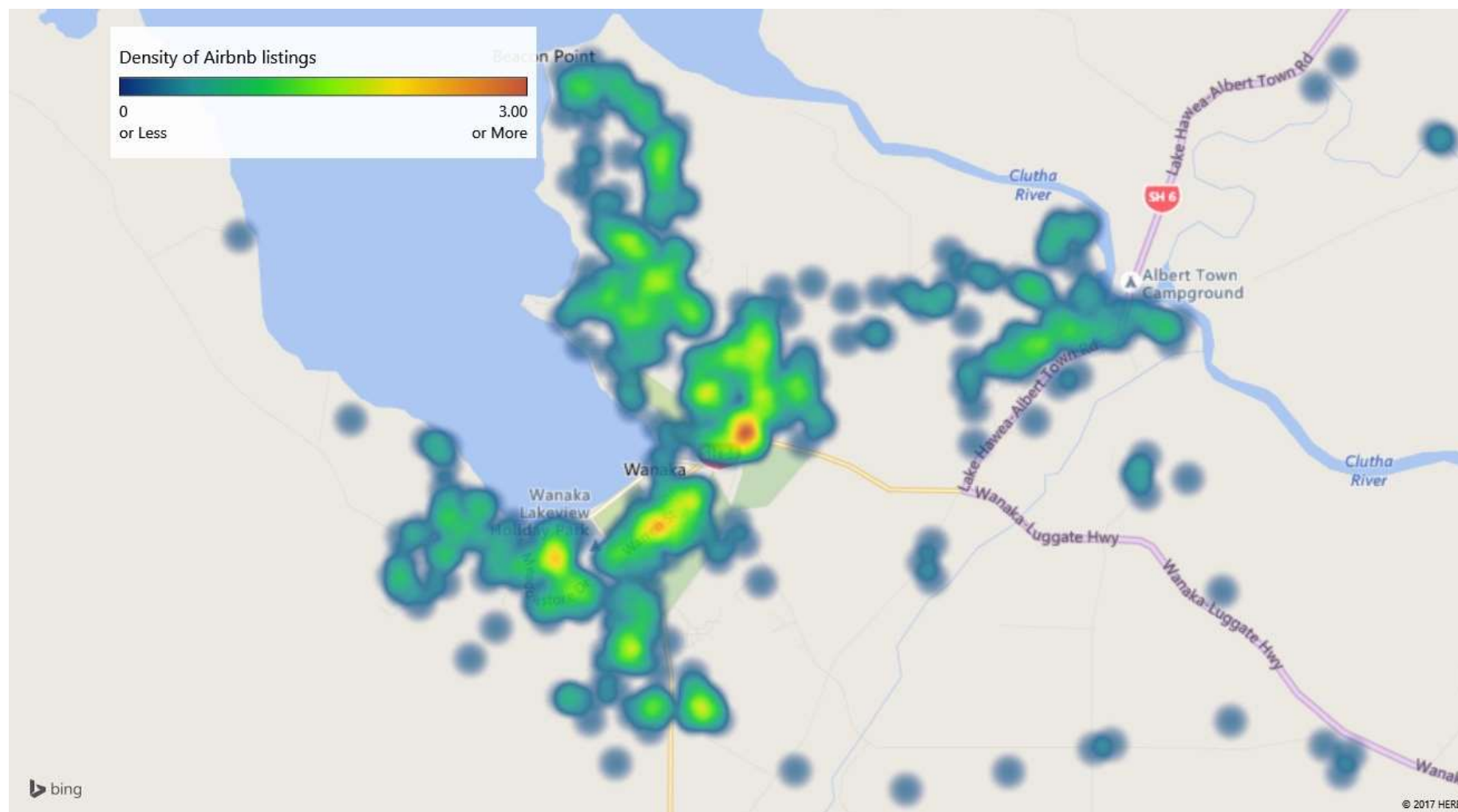


Figure 5: Heatmap of Airbnb listings August 2017, Arrowtown

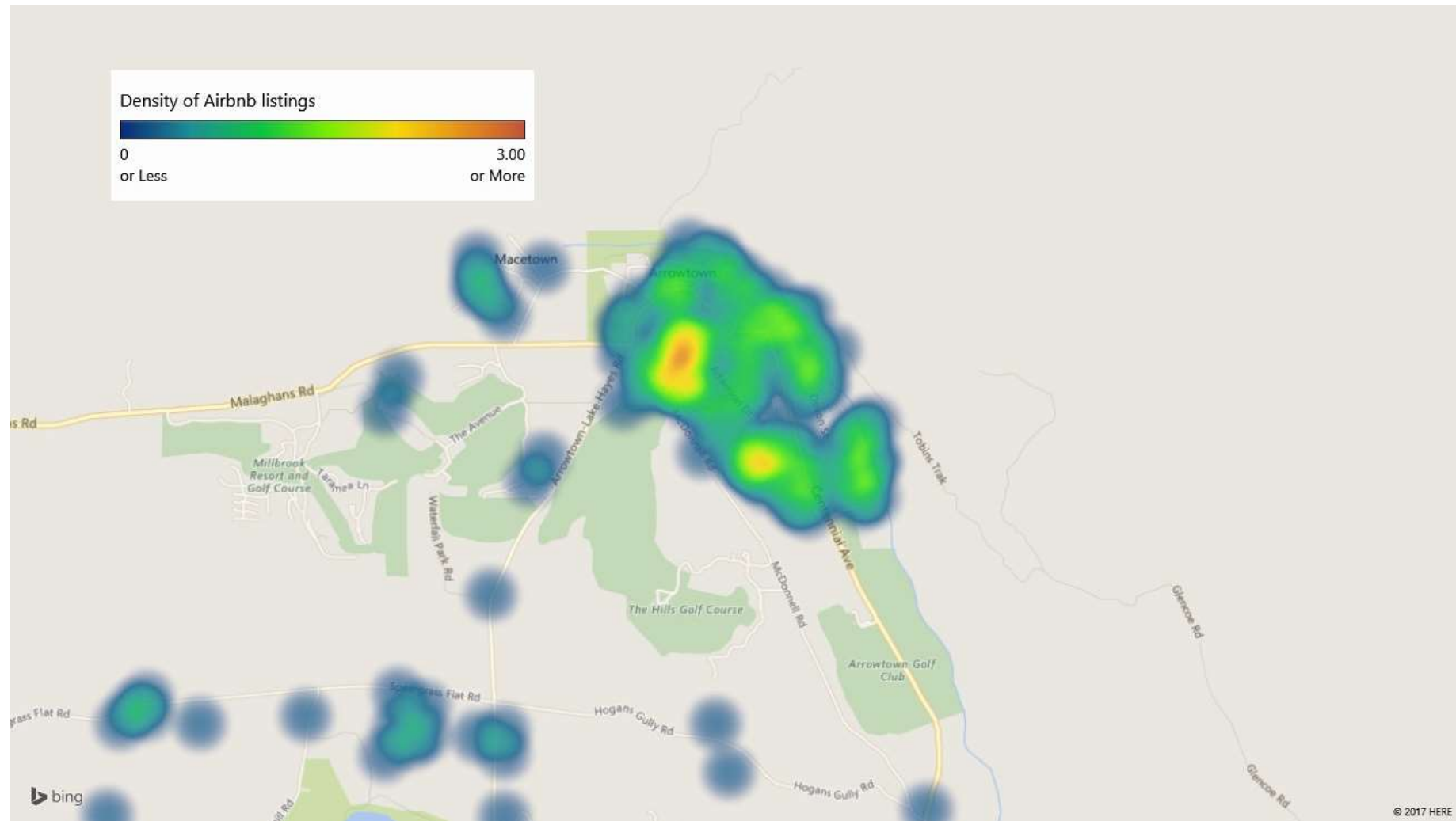


Figure 6: Heatmap of Airbnb listings August 2017, Glenorchy

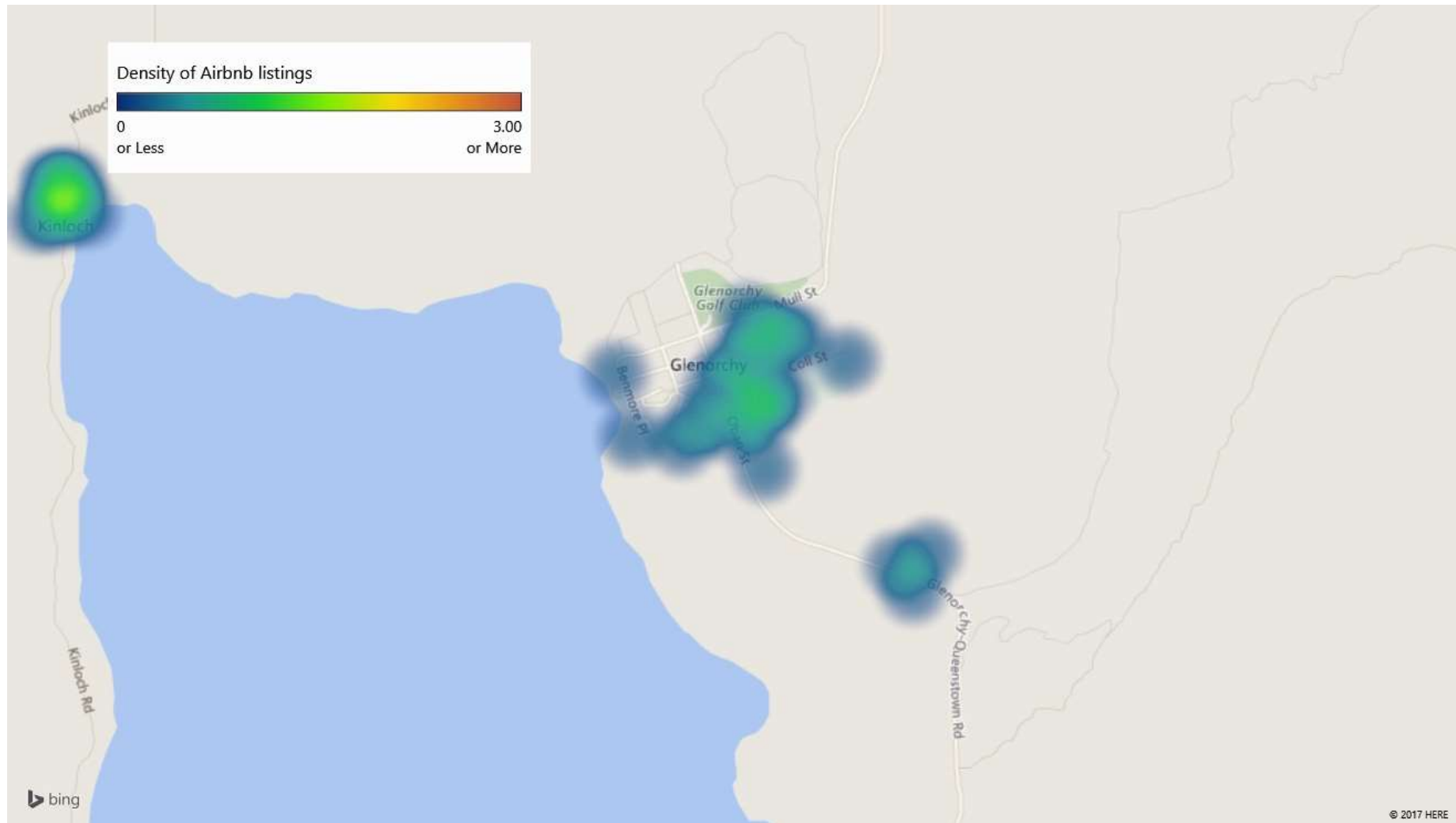


Figure 7: Heatmap of Airbnb listings August 2017, Hawea

