

Short Term Private Letting in the Northern Territory

Ernst & Young (EY) undertook analysis of the short term private letting (STPL)* and traditional visitor accommodation markets within the Northern Territory (NT) and the following locations:

- » Darwin
- » Alice Springs
- » Katherine.

As part of the assessment, EY focused on the size, composition, growth and economic contribution of these markets.

Market Size

- Airbnb has the greatest STPL market share in the NT. However, many Airbnb properties are also listed on other STPL platforms such as Stayz, Homeaway, Top End Short Stays and More Than a Room. In addition, traditional visitor accommodation providers also use Airbnb as a booking platform. This makes it difficult to accurately estimate the STPL market size. Therefore, to limit double counting, this report uses the Airbnb figures.

Airbnb

- In March 2018, there were 650 listings on Airbnb in the NT.

- In 2015-16, in the NT there were:

4,200	8,800	18,000
bookings on Airbnb	guests using the Airbnb platform	total Airbnb nights booked

Approximate properties listed on Airbnb in each state**



- The number of Airbnb listings in Darwin grew on average year-on-year by 167% between 2012 and 2017.
- Occupancy rates in Darwin have varied from 47% to 80% on Airbnb between June 2016 and February 2018.

Traditional Visitor Accommodation

- There are 236 traditional visitor accommodation providers registered with NT Department of Health, including 95 hotel establishments.
- In September 2017, for traditional accommodation providers in the NT there were:



9,089
rooms



312 approved
proposed
rooms



83 rooms
built



78 rooms
closed

*Only listings where entire properties are used for STPL were included which would typically involve an un-hosted stay.

**Data provided to illustrate comparative size but is not strictly comparable; also includes some traditional visitor accommodation providers.

Short Term Private Letting in the Northern Territory

- The average occupancy rate for traditional accommodation providers has remained steady at 63% between 2010 and 2016, with peak seasons rising to 75% and low seasons ranging between 48% to 55%.
- In 2015-16, for traditional accommodation providers there were:

1.96 million

nights booked in the NT

3.23 million

room nights available in
the NT

1.16 million

nights booked in
Darwin

Market Composition

- The majority of Airbnb listings are located in Darwin, but STPL listings extend well beyond traditional tourist hotspots in Darwin.
- This is different from other parts of Australia where STPL is more commonly found outside of cities.

SHORT-TERM PRIVATE LETTING PROPERTIES - March 2018	Airbnb	Stayz	Homeaway	Flipkey
NT	650	150	141	116
Darwin	490	115	111	46
Alice Springs	70	9	10	54
Katherine	10	1	0	1

Source: Airbnb & desktop analysis

TRADITIONAL VISITOR ACCOMMODATION ROOMS - June 2016	Hotels & Resorts	Motels, Private Hotels and Guest Houses	Serviced Apartments	Total
NT	4,091	2,646	2,206	8,943
Darwin	2,613	759	1,867	5,239
Alice Springs	Unavailable	750	Unavailable	1,368
Katherine	Unavailable	Unavailable	Unavailable	466

Source: ABS - Tourist Accommodation, Small Area Data - NT 2015-16.

Note: At September 2017 there were 9,089 traditional visitor accommodation rooms in the NT.

- There are significantly more properties in the traditional visitor accommodation market than the STPL market.
- The STPL market represents approximately 7% of the total accommodation market in the NT.

Short Term Private Letting in the Northern Territory

Market Growth

- There has been significant growth in both the STPL market and the traditional visitor accommodation market in the NT.
- The number of Airbnb listings in the NT has grown from 400 in 2015 to 650 in 2017.
- The rise of Airbnb in the NT in 2010 has boosted the STPL market dramatically, with year-on-year growth of 27% for Airbnb listings. This growth is identical to capital cities across Australia.
- The average Airbnb guests stay for 4.3 days and the top five countries of origin for international Airbnb guests visiting the NT are:



United States



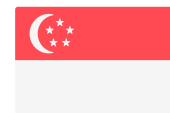
Germany



Great Britain



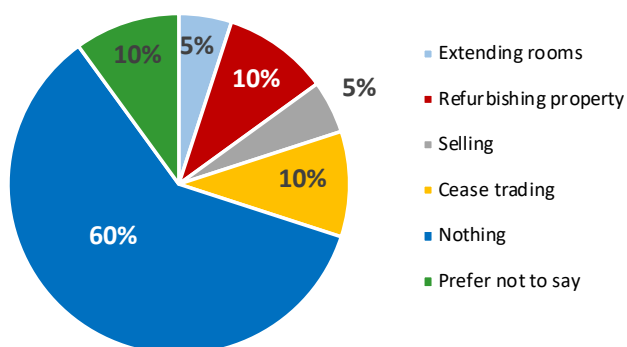
France



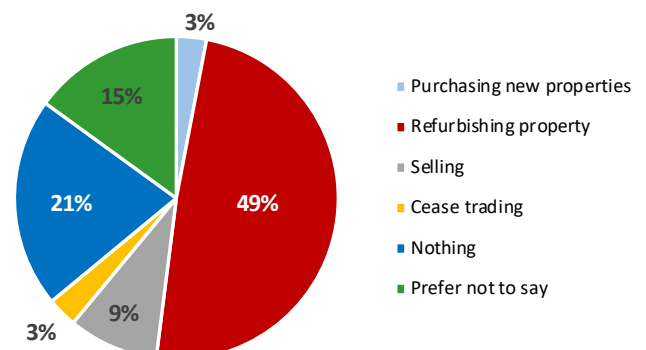
Singapore

- The traditional visitor accommodation market has also increased with an average year-on-year growth between 2011 and 2016 of 4% for the NT. This was slightly greater than other Australian states, including Victoria (3%), New South Wales (1%) and Western Australia (1%).
- There was an increase in the number of traditional visitor accommodation rooms available in the NT from 6,192 in 2000 to 8,943 in 2016.
- 2014 presented a notable 15% increase in the supply of traditional visitor accommodation to meet corporate demand related to the INPEX project.
- Within the next 12 months, while 60% of STPL operators are not intending on doing anything to their property(ies), 49% of traditional visitor accommodation providers are intending on refurbishing their property(ies) to ensure their facilities are modern and meet consumer standards.

STPL*



Traditional Visitor Accommodation*



* Owner's intentions for the next 12 months.

Short Term Private Letting in the Northern Territory

Economic Contribution

- In 2017, Deloitte Access Economics released its Economic Effects of Airbnb in Australia report. This report estimated that in 2015-16 the total added value economic contribution associated with tourism expenditure in Australia from Airbnb was \$1.6 billion. This equated to 14,409 full time equivalent (FTE) jobs with Airbnb guests spending \$2.04 billion.
- In the NT for 2015-16, the same metrics for Airbnb guests were:

\$6.5 million

in added value to the NT economy

113 FTE jobs

58 directly

55 indirectly

TOURISM EXPENDITURE OF AIRBNB GUESTS IN THE NT, 2015-16	Ave Spend per Day per Guest	Total Expenditure in NT (\$m)	Share of Expenditure
Accommodation	\$53	\$2.0	19%
Food Services	\$79	\$3.0	28%
Groceries	\$27	\$1.0	9%
Shopping	\$51	\$1.9	18%
Other Leisure	\$35	\$1.3	12%
Transportation	\$31	\$1.2	11%
Other Services	\$6	\$0.2	2%
TOTAL	\$282	\$10.6	100%

Source: Deloitte Access Economics (2017) *Economic Effects of Airbnb in Australia*.

- A high level of comparison of the jobs and economic output for traditional visitor accommodation and the STPL sector for the NT shows that there are still considerably more FTEs, direct economic output and value added to the NT economy for traditional visitor accommodation than for Airbnb.

HIGH LEVEL COMPARISON OF TRADITIONAL AND STPL SECTORS IN THE NT	Traditional Visitor Accommodation December 2016	Airbnb 2016	Traditional Visitor Accommodation December 2017
Direct Jobs (FTEs)	2,445	56	2,659
Indirect Jobs Supported (FTEs)	1,193	55	1,170
Output Direct (\$m)	\$848.4	\$10.6	\$857.3
Value Add (\$m)	\$287.0	\$6.5	\$321.1

Source: REMPLAN 2016 and 2017 data sets, and Deloitte Access Economics (2017) *Economic Effects of Airbnb in Australia*.

Disclaimer: The Department of Tourism, Sport and Culture has taken due care and skill in preparing this information, however does not warrant that it is correct or suitable for the purpose for which it is intended to be used. The Department disclaims all liability associated with the use of this information.
Publication date: October 2019.