

As coronavirus hits holiday lettings, a shift to longer rentals could help many of us

Written by Myfan Jordan, Associate, Health Ageing Research Group (HARG), La Trobe University

Hidden within the [coronavirus-devastated tourism market](#) is a related impact: the loss of customers could be financially devastating for [small investors who dominate](#) short-term letting platforms such as Airbnb. After a decade of high returns, they may now wonder whether a return to the secure, if slightly less lucrative, long-term residential tenancy market is a safer bet. If investors shift from short-term letting to long-term rentals in search of greater security, this would benefit the [growing numbers of Australians in rental housing](#).

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With the coronavirus pandemic there are signs this is already happening. In Dublin, for example, a [64% rise in long-term rental properties](#) has been reported this month. It's thought landlords are withdrawing from short-term listing sites and offering properties on the rental market.

Until now, rising property prices have forced more Australians into long-term renting even as short-term letting has [eaten into the supply](#) of properties. Young adults once dominated the rental market. It's fast becoming a more permanent solution for families and even for [older Australians](#).

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[One in three households](#)
now rent their homes.

So, with almost [350,000 Australian properties having been listed on Airbnb](#), the [impact on local communities](#) can be significant. The increase in short-term lettings has been linked to [increasing homelessness](#).

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Read more: [***Ever wondered how many Airbnbs Australia has and where they all are? We have the answers***](#)

Why landlords will look for security

Beyond the immediate impact of coronavirus on tourism in Australia, it's possible the increased risks in the holiday lettings market may provide the impetus to align the interests of landlords and tenants around longer-term tenure.

Despite Prime Minister Scott Morrison [urging vacationers not to ask for refunds](#) from struggling operators, the tourism downturn has introduced a new level of risk for hosts. Airbnb has enacted a policy of [full refunds for cancellations](#), which is [reported to be](#) “completely obliterating smaller hosts”.

Other platforms are advising hosts to manage COVID-19 risk themselves. This leaves many investor-landlords [navigating a complex, public health crisis largely on their own](#).

With some of our most popular destinations [facing an existential crisis](#), the impacts on small business, working families and low-income Australians may be both obscured but far-reaching, as the Airbnb example shows. Big players in the tourism industry can [lobby federal government](#) for support. Individual agents in the share economy are largely unprotected.

To date, the home-share concept has been a winner for property investors. Holiday letting has largely moved on from the original Airbnb model of sharing one's primary residence. Letting through digital platforms with access to a global market of tourists has brought high-rent, low-risk dividends for people with investment properties.

The coronavirus pandemic, however, is revealing cracks in the foundations of the holiday-letting model.

Read more: [*Who wins and who loses when platforms like Airbnb disrupt housing? And how do you regulate it?*](#)

What has happened to renters?

[Research](#) suggests the digital disruption of the holiday accommodation sector has had significant impacts on local renters. There is little doubt tourist demand through online letting platforms has reduced the supply and increased prices of long-term rental housing in Australia, particularly [in parts of our capital cities](#) .

Likewise in Europe, where [one in four rental properties](#) in some tourist destinations is now a holiday property. This has led some governments [to introduce strict regulation](#) . It includes licensing, fines and limits on the number of days a property can be let each year.

Australia has been [slower to respond](#) , despite [observations](#) that Airbnb is “impacting the rental market and ... bringing the cost of housing up”. Even in Tasmania, which has the [strongest market regulation](#)

, [one in every 27](#)

Hobart homes remains listed for short-term lease. Similarly, in Sydney and Melbourne, growth in the sector has [driven up rental housing costs](#) .

Read more: [*Airbnb: who's in, who's out, and what this tells us about rental impacts in Sydney and Melbourne*](#)

In New South Wales, [fines for unregistered holiday lets have increased by 500%](#) . But councils struggle to enforce laws that landlords are either unaware of or

[actively avoid](#)
complying with.

Home ownership has become a privilege in Australia, one [driving disadvantage](#) among those who are locked out. For a single age pensioner, for example [less than 1% of rental housing is affordable](#). And long-term rental housing stock is [often of poor quality](#).

Time for a rethink

Australia's rental housing system [undeniably needs a rethink](#). The sector presents a growing problem for state and territory governments, in terms of both the [supply of affordable rental properties](#) and finding the right [balance between landlord and tenant rights](#).

Read more: [***Chilly house? Mouldy rooms? Here's how to improve low-income renters' access to decent housing***](#)

Government measures to increase the availability of rental housing through tax incentives, such as negative gearing, are unfortunately not restricted to landlords who offer longer-term tenure. To date there has been little financial incentive to eschew the higher returns of the Airbnb model for the relative stability of residential tenancies.

In times of crisis, Australians pull together. During the summer bushfires, we saw Airbnb hosts offer [emergency housing](#) to displaced families. They recognised the critical importance of a safe and secure home – a sanctuary. We need to recognise this critical function of home beyond times of crisis, to ensure every Australian has a [home for good](#).

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Read more: [Australia's housing system needs a big shake-up: here's how we can crack this](#)

Per Capita's Centre for Applied Policy in Positive Ageing is launching its Home for Good project in collaboration with The Australian Centre for Social Innovation today. You can read their policy brief on Australia's private rental housing market [here](#).

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Read more <https://theconversation.com/as-coronavirus-hits-holiday-lettings-a-shift-to-longer-rentals-could-help-many-of-us-134036>