



# Alternative Accommodations Overview



- Alternative accommodation defined
- History of alternative accommodation and how it works
- Alternative accommodation ecosystem and players
- Reasons for owning a vacation rental and analyzing performance
- Types of alternative accommodations roles





# **Alternative accommodation defined**

## Alternative lodging defined

**Alternative accommodations is a loosely defined catchall for lodging other than hotels including a variety of home types and bed and breakfasts.**

## Vacation rentals

**Typically refer to second homes in beach, lake or ski destinations. They are fully furnished and only occupied by the person who made the reservation.**

## Short-term rentals

**Can include vacation rentals but typically refers to primary residences in urban destinations. These rentals can sometimes be a bedroom in a home – not necessarily owned by the host.**

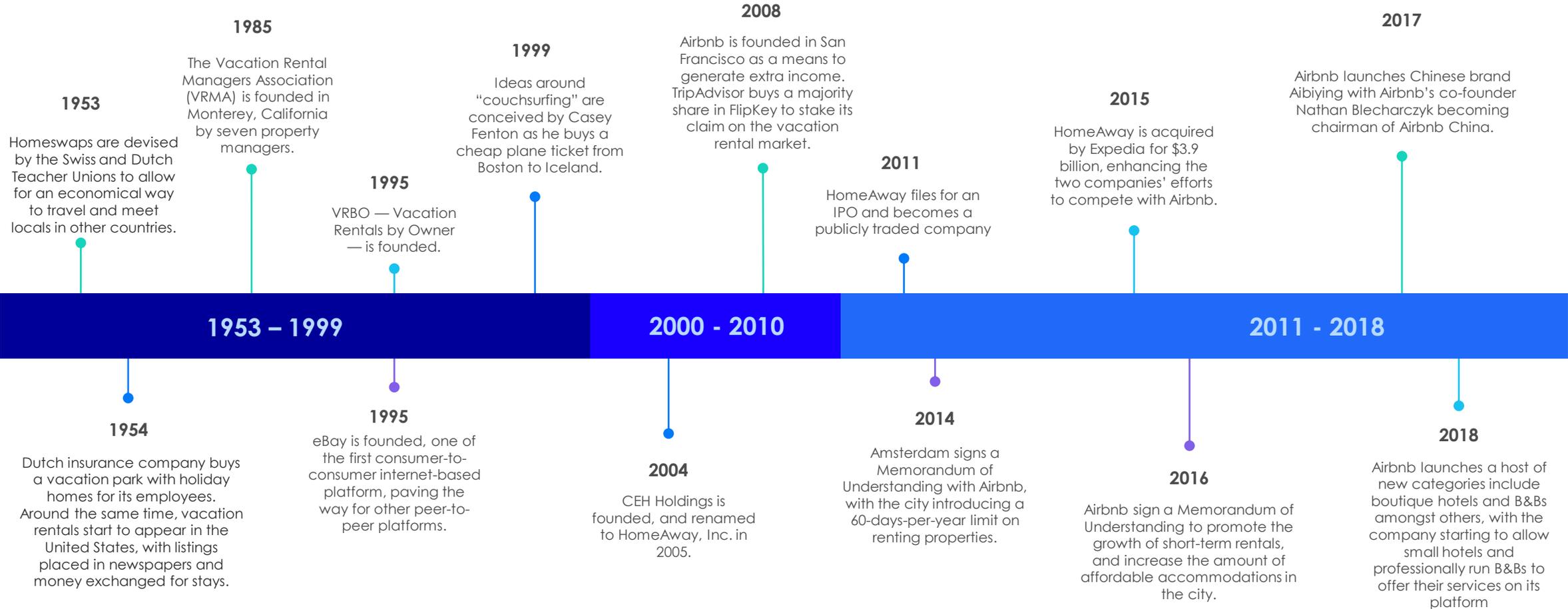
## Bed and breakfasts

**Most are private family homes that typically have between four and eleven rooms that can be rented separately, with six being the average. In addition, a B&B usually has the host(s) living in the house and sometimes hires staff to provide dining and spa services.**



# History of alternative accommodation and how it works

# History of alternative accommodations



## Owner has a home they'd like to rent on a short-term basis

They check their local area regulations and decide how to manage their property, either on their own, or sign a contract with a property manager.



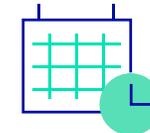
If the owner enters a contractual agreement with a property manager, that person or company is responsible for everything as agreed upon by the owner. Usually in the following areas



Identify marketing channels



Provide traveler support and manage reviews



Manage rates, booking requests and update availability calendar



Create a listing and/or website with photos and descriptions

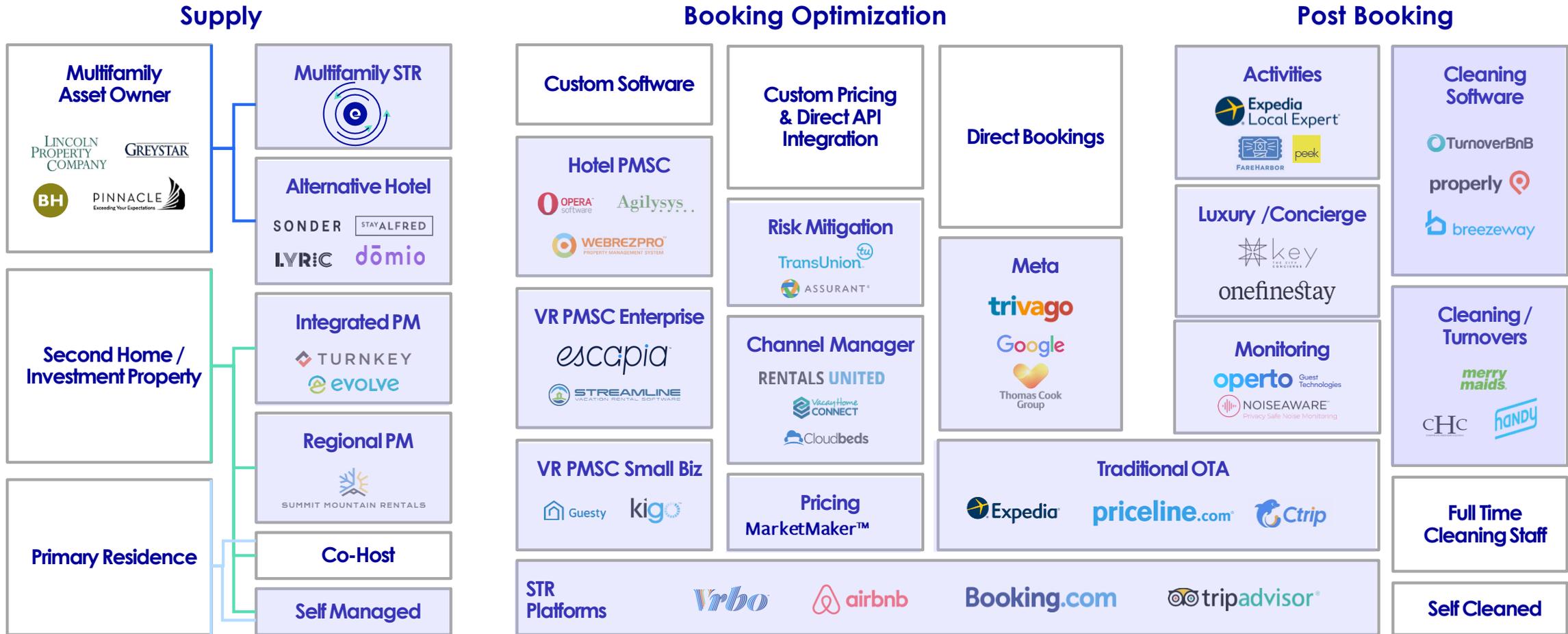


Manage onsite operations



# Alternative accommodation ecosystem and players

# Alternative accommodation ecosystem





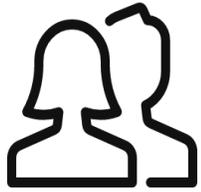
# Online travel agencies

## Many online travel agencies list vacation rentals

An online travel agency (OTA) is a web-based marketplace that allows consumers to research and book travel products and services, including hotels, flights, cars, tours, cruises, activities and more, directly with travel suppliers.

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Vrbo



## Owners

The person(s) who own the home that is being rented.



## Property managers

A company or person who has a contractual agreement with vacation rental homeowner(s) to some or all responsibilities associated with marketing, maintaining and cleaning a vacation rental.



## Housekeeping services

A professional service hired to clean a vacation rental in between guests. Sometimes property managers hire in-house housekeeping staff.



## Software providers

Companies who design and sell software, typically as a service, that makes it easier for property managers to do things like manage calendars, set pricing and maintain proper accounting standards across hundreds or thousands of vacation rentals.



## Channel managers

A service that distributes a vacation rental listing to multiple OTAs, making it easier to update the listing and manage reservations from a single source. Channel managers are often included in software suites.



## Marketing services

Companies who specialize in building websites for property managers to book guests directly. They also provide things like email and search engine marketing.

# Reasons for owning an alternative accommodation and analyzing performance

People own and rent vacation homes for a variety of reasons, it's not always about making money

# Why they rent?



Breakdown of why alternative accommodation owners rent their properties

56%

28%

29%

15%



## Lifestyle listers

Focused on covering their costs



## Revenue maximizers

Focused on growing their business



## Newcomers

New to renting



## Multi-property

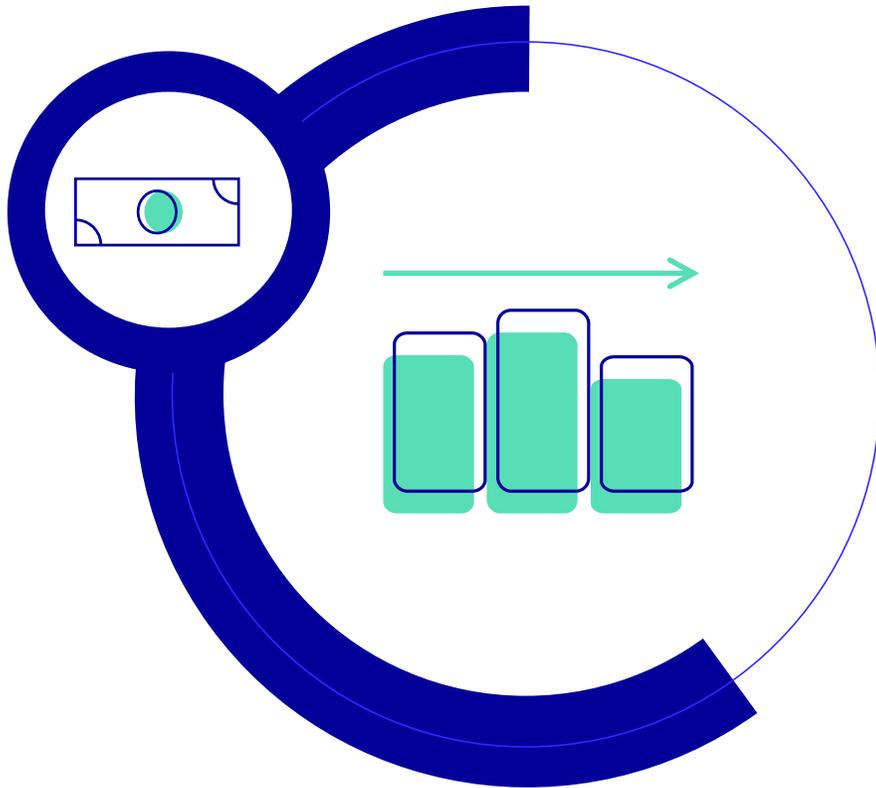
Owns multiple rentals

# Calculating cash flow



Before investing in an alternative accommodation, it is important to understand how to calculate your cashflow based on income and expenses





## Calculating your expenses appropriately will yield a positive investment

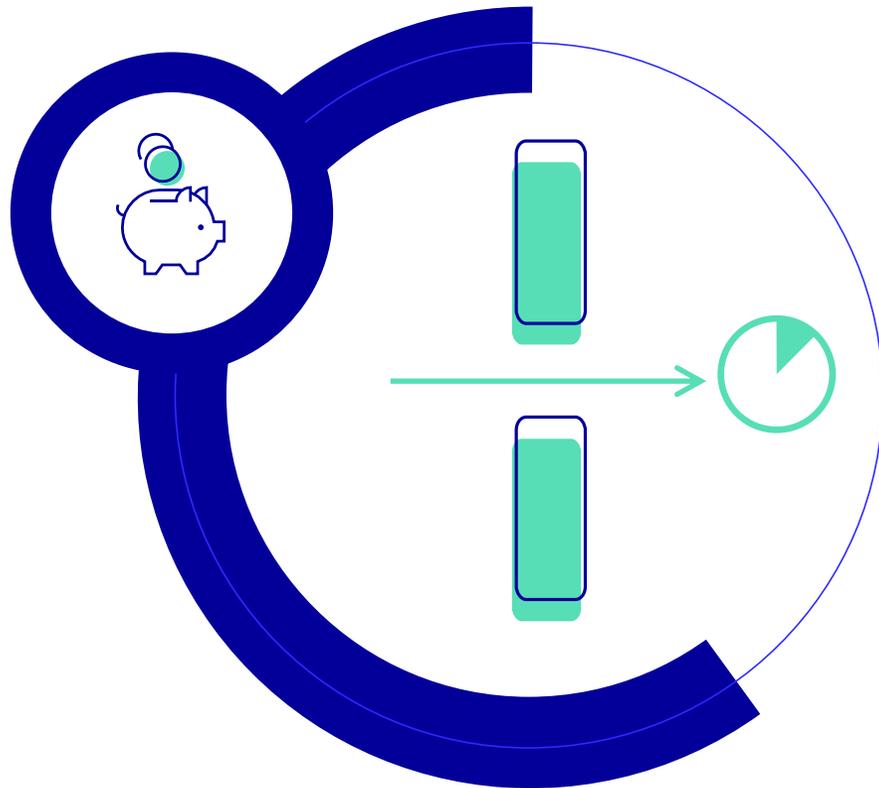
Real estate investors that fail to calculate expenses will quickly find themselves in a deficit, which makes it important to account for every expense. Some coming costs of operating an alternative accommodation include:

- Repairs, cleaning, and year-round maintenance
- Insurance and taxes
- Accounting fees
- Marketing and paid advertising
- Appliances and supplies
- Furniture
- Vacancy periods

## Evaluate comparable real estate to your alternative accommodation when planning to buy a property

When running comparisons of comparable properties, you can better assess the profitability of the real estate market to better set your expectations and rates. This will also ensure that you are in line with the going market rates for alternative accommodations in your area.





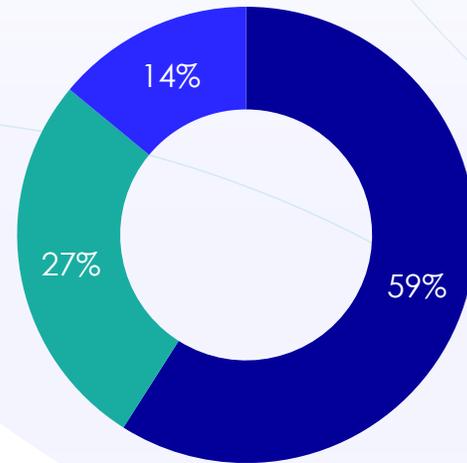
Be sure to have a plan for paying off your mortgage and factor that in as part of your expenses

Paying off your mortgage should be done in a slow and efficient manner that does not put your real estate investment in jeopardy. You should calculate your rental income to be at least 20% higher than your mortgage payments.

## Vrbo owners own



Vacation rental properties on average. 71% own just one property

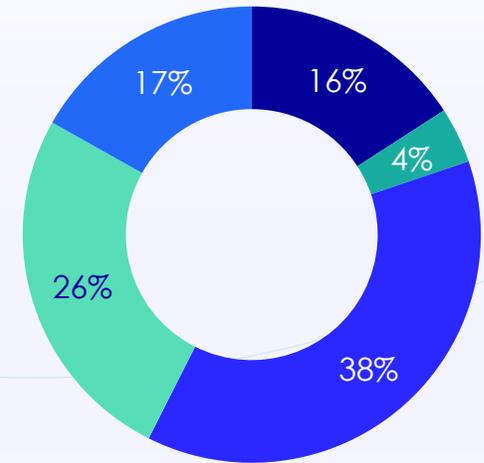


Types of properties

- Rental property
- Vacation residence
- Primary residence



The average Vrbo Owner rents a property 21 of the 37 weeks available



Motivations for renting

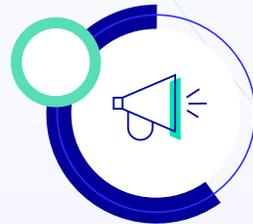
- Generate profit
- Cover all expenses
- Cover some expenses
- Maximize profit
- other



# Types of alternative accommodations roles

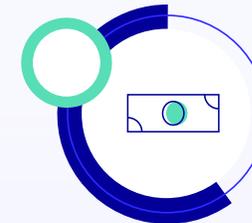


## Independent host



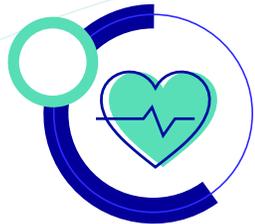
## Branded home manager

- Brand recognition
- Organic/Social Media
- Creative
- Content generation
- Relation Management
- Branding

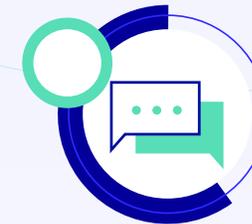


## Property management technology

- Property and field management
- Channel management and marketing
- Yield and revenue



## Property managers



## Property hardware

- Software support services



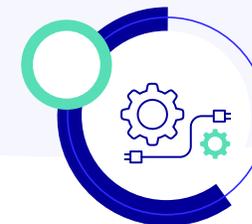
## Host service provider

- White-label service provider
- End-to-end service provider



## Operations

- Cleaning
- Linens
- Supplies
- maintenance



## Guest facing technology and support services



TM

**expedia group**™