

**Bloomberg Businessweek****Lifestyle**<http://www.businessweek.com/articles/2014-05-30/bringing-million-dollar-vacation-homes-into-the-sharing-economy>

# Bringing Million-Dollar Vacation Homes Into the Sharing Economy

By [Justin Bachman](#) May 30, 2014

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European travelers have long exchanged pied-à-terres and fancy family abodes for their vacations, primed by generous time-off policies combined with the relative expense and scarcity of continental hotels. Now a host of American ventures want to be the Airbnb of the one percent, enticing the well-heeled to list plush condos and exclusive vacation properties as short-term rentals.

Expedia ([EXPE](#)) this year started showing properties listed on HomeAway ([AWAY](#)), the largest vacation rental company by listings; the company also owns the VRBO rental site. Meanwhile, TripAdvisor ([TRIP](#)) has bought its way into the market with its recent deal for Vacation Home Rentals, which pushed its selection to more than 500,000 properties. Priceline's ([PCLN](#)) European-based Booking.com unit has been aggressively expanding into apartments and villas in Europe and could decide to expand its offerings in the U.S.

HomeAway, which has about 950,000 rental properties on its website, plans soon to begin a large marketing push to help increase demand. "We're the global leader with a very cool product to sell and very little brand awareness," says Brent Bellm, chief operations officer at Austin (Tex.)-based HomeAway.

The short-term home-rental market has grown in recent years, helped by rising hotel room rates, homeowners' desire to make money from their vacation properties, and the publicity generated by Airbnb's rapid growth. For many travelers, it's simply a matter of personal finance: A fancy four-bedroom condo can be cheaper than a tony hotel—and everyone loves a bargain, regardless of how fat one's wallet may be.

"Why pay out money when I can use my asset when I travel?" says E. Wade Shealy Jr., founder and chief executive officer of 3rdHome, in explaining the appeal of his membership club for people who own multiple luxury homes. Listings on 3rdHome include properties at Napa Valley's Calistoga Ranch, where lodging can top \$5,000 per night.

In many ways, 3rdHome seems to cultivate an image as the high-rolling alternative to Airbnb, touting the average appraisal of its rental homes of \$2.4 million. The Tennessee-based company lists more than 22,000 properties worldwide and focuses its recruitment efforts in popular destinations such as London, Manhattan, Paris, Aspen, and Caribbean beach resorts. 3rdHome charges members an initial \$2,500 to join, as well as home-exchange fees of \$395 to \$995 per transaction. It oversees about 200 exchanges each month, and Shealy expects to increase both the number of members and the amount of swapping over time. Using 3rdHome, he says, "lessens the commitment to a destination."

There's also the matter of how much it costs to spend a week away. Last year, U.S. hotels reported record sales of \$163 billion and are likely to enjoy even better times in 2014 as they control costs and yield more profit from each room, according to a new report from lodging industry research firm STR Analytics.

Among luxury hotels, 89 percent reported higher profits in 2013.

The climbing prices at hotels are helping turn many affluent travelers toward the so-called sharing economy, in which people swap houses or otherwise make arrangements to stay in the home of stranger when on vacation. About 50 million people worldwide own more than one home, Shealy says, by way of illustrating the potential size of growth in the market. “In 10 years there will be a lot of clubs like us out there,” he says, including new resort developments that offer property buyers free membership in home-sharing clubs. 3rdHome claims it is in talks with more than two dozen developers about including membership in it as part of their sales pitch.

Shealy, a former luxury real estate developer, sees the phenomenon as driven by the growing number of people who purchase a second or third home as investments, not just as relaxing getaways near the slopes or beach. In many cases, listing the house as a rental property can help meet a large portion of the mortgage — and sometimes all of it, HomeAway’s Bellm says.

“People are realizing you can do this and make money,” says Bellm, who bought a vacation home last year in the Great Smoky Mountains, near Knoxville, Tenn. He predicts his family will use it a month or so annually and hopes to rent it as much as possible the rest of the time.

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