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INTERVIEW: Giles Adams, 3RD HOME on collaborative consumption

Launched in 2010, 3RD HOME – a reciprocal travel club for luxury second homeowners – now hosts a £3.2 billion portfolio of properties in some of the world’s most exclusive locations.

As the firm announces an affiliate programme with The Ritz-Carlton Destination Club, Partner and President **Giles Adams gives PrimeResi the lowdown on how UHNWIs are unlocking the ‘grey value’ in their homes and why sharing is the new spending...**



› **What's the idea behind 3RD HOME?**

Our thinking is simple. We feel that if you own a beautiful second home you should not have to rent others when you travel. We launched in 2010 just as the economic downturn was starting to really bite and we set up the club as a way for second home owners to get more value from their second home investments. Nobody minds having a second home sitting empty for most of the year when the economy is good and capital appreciation is on the up and up, but when things start to take a bit of a turn, everyone starts to look at what they own through different lenses. The Sharing Economy or Collaborative Consumption has really grown and 3RD HOME is very much a part of this movement as our members are able to unlock the grey value in their second homes by trading the downtime with others.

› **Can anyone list their home? What kind of selection criteria do you have?**

The average value of the homes in our club is \$2.3 Million (£1.6 million) with a total portfolio value of almost \$6 Billion, but the entry level of our homes is \$500,000. This allows us to get some really great homes in the club in some far flung destinations. Selection criteria wise – if you own a beautiful second home in a desirable destination that has great fixtures and fittings and is set up to welcome guests, then we would love to consider you for membership.

› **How many properties do your members have access to?**

Currently we have almost 2,400 properties in 69 countries that our members have access to by either reserving the weeks that are live on the site or through our “Request a Week” function.

› **We hear the amazing Calistoga Ranch in Napa Valley (below) is on the books; can you fill us in on a few of the other high profile options?**

Calistoga Ranch is one of our most popular destinations. I have not been personally, but some of our team have and the feedback that we get from our members is consistently stellar. We have affiliations with some of the best known branded resorts and residence clubs and these options are becoming more and more popular with our members. They love the full service offering of these affiliations to really kick back, relax and be looked after. However, we are lucky to have a real depth and variety in the club through our collection of stand-alone second homes. From polo ranches just south of Buenos Aires to “the finest home east of The Berlin Wall” (according to the FT’s How to Spend it) in Bulgaria, we have some fantastic options for the most discerning of travelers. Others that spring to mind are the stunning Chateau des Vezins in the Loire and The Wing House in California that has the wings of a 747 incorporated into its roof.



› **You've recently signed an affiliate programme with The Ritz-Carlton Destination Club; what does this mean for your members?**

The deal with the Ritz-Carlton Destination Club is similar to all of the relationships that we have with our affiliates. The arrangement allows their owners access to our members' homes and in return, our members have access to their residences in Vail, Aspen, San Francisco and other locations in their portfolio. The Ritz-Carlton brand is known for its impeccable service and top-end properties in sought after locations and for our members to be able experience what they have to offer through their membership privileges really strengthens the club.

› **There's some extremely valuable houses on your books; how do you make sure they will be looked after?**

As you cannot get into the club without having a home of your own in the programme, there is a very strong community sense of "you do unto my my property as you would have me do unto yours". Our members are extremely careful and respectful of each other's homes and if they are not, they find that their membership privileges are rescinded. Thankfully these instances are very rare and yes there has been the odd breakage, but in defence of the members, they either get it fixed there and then or personally pay for any repairs.



› **How much does membership cost; does any money change hands between members?**

No money changes hands between members. Host members are responsible for making sure that a home is ready for a member when they arrive and also the end of usage clean. This is done in the knowledge that when you are a guest, this has been taken care of already for you. However, a large proportion of our homes come with staff that can provide daily maid service, chef-prepared meals, massage and concierge and as these are considered “variable costs”, the incoming guest members pick up the tab for these services and the price is generally agreed beforehand. We have a \$2,500 initiation fee and this gets you a lifetime membership to the club, however, for the right properties we are enabling new members to have a free trial where they can experience the benefits by making one reservation as a guest before having to commit. Not only does this open up the club to more members, but also we are confident that as soon as members see how the club works, they immediately recognize the value and want to be in the club for the long term.

› **How do you ‘weight’ properties? Can you give us any examples?**

All properties are given a Key rating based on their value, the desirability of the location and “club demand”. Club demand is something that we have picked up over time and related to our homes in very popular locations such as New York, Paris and London. Once members have a Key rating, they get that number of Keys for a good week that they give to the club. However, if they give a peak week they get double Keys and if they give a holiday week to the club, they then get triple Keys.



› **Why do you think this kind of club is proving so popular at the moment? Have you noticed any correlations with the global property markets?**

I think that part of the success is down to the rise of offerings in the Collaborative Consumption space. Owners are looking at their second homes and asking themselves the question – am I getting the most value from this as I can? Companies such as VRBO and Homeaway have also flourished over the last few years and the economic reasons are pretty similar. We are of the mindset that the constricted global economy was the perfect environment in which to launch the club. If our members can enhance their traveling lifestyles through using the assets that they already own, then when things pick up again, why should they change their habits? If they can save £5k, £10 or £20k on their trips by using the downtime of their own homes, then that is a fantastic deal in any market.

› **You’ve overseen some pretty major expansion over the last four years in your role as President; where do you hope to see the firm in four years’ time?**

Our growth has been pretty rapid, but in 4 years time I would expect that we will be at least 4 times the size we are today. By then we will hopefully be offering a much more holistic travel experience as well through concierge services, activities and amenities and anything that improves the overall travel and exchange experience. We have some big plans and a great team to execute them so we are very excited for what the future has in store for us.



3rdhome.com