

# House & Home

FTWeekend



**NYC's silicon island**  
Daniel Huttenlocher's vision for tech campus

AT HOME PAGE 2

**Paris hotspot**  
10th arrondissement's potential unlocked

PROPERTY PAGE 3



**I deserve a castle**  
Robin Lane Fox on the Château de Losse

GARDENS PAGE 8



Holiday rental websites have seen a big rise in the number of super-rich letting out their plush pads. *Hugo Cox* on the rise of the 'prime home share'

## Millionaires' B&B boom

**J**ack Solomon, a 74-year-old industrial chemist from Westchester, New York, had been waiting for the internet home-sharing revolution for years. Looking for a home to retire to in 2005, he and his wife ended up with a house in East Hampton and — as you do — a neighbouring island that sleeps 36.

He toiled unsuccessfully on craigslist, the local classifieds service, trying to eke out some income from the island when not in use for stays with family and friends. When it came, the new wave of home sharing websites was a godsend: today he has a steady stream of bookings for the island courtesy of Airbnb, TripAdvisor and VBRO (a popular US rental site).

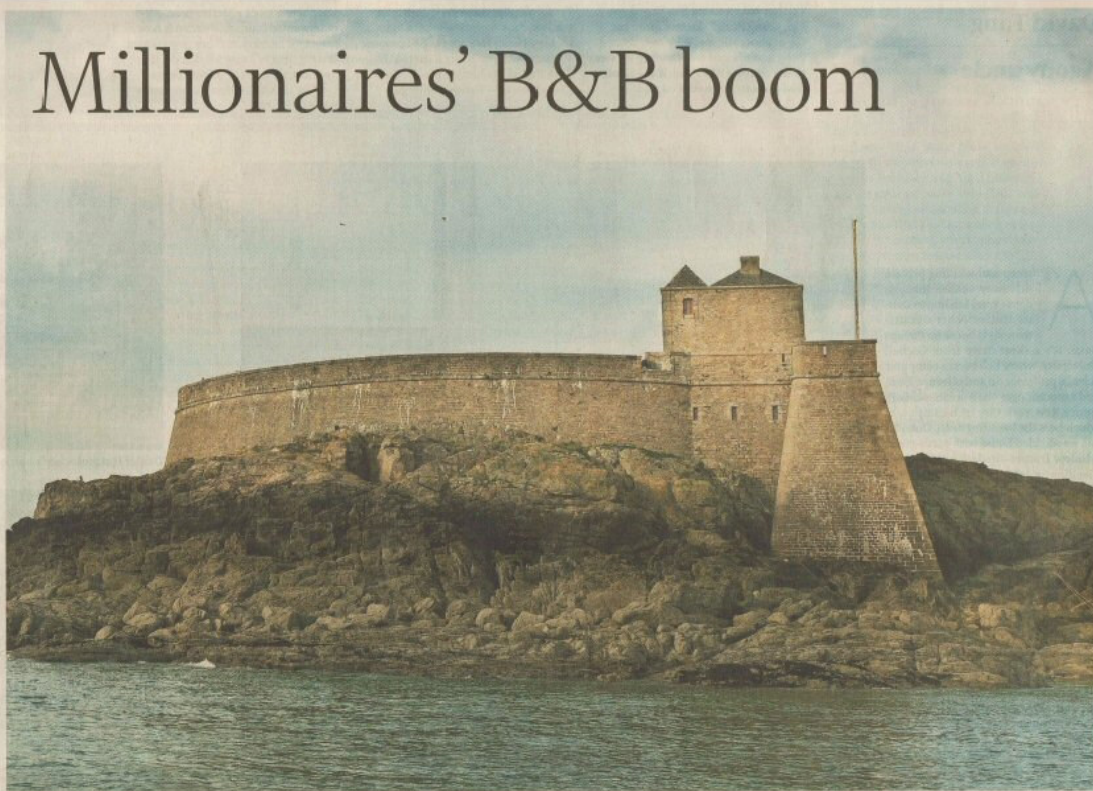
Airbnb reports a boom in short-term home lets by the super-rich. In June, the number of one-bed listings charging more than £1,000 per night was nearly three times what it had been a year before. Asia is leading the charge: high-end apartments — those with pools and gyms — grew quickest in Tokyo (up 78 per cent) and Hong Kong (up 70 per cent). Over the same 12-month period, London listings grew by half and those in Paris a third.

Premium home rental sites are booming. Luxury Retreats, which claims to turn away 95 per cent of those who offer their (mainly) holiday homes, now has 2,800 properties, largely in the US and the Caribbean, with nightly rates ranging from \$1,000 to \$124,000, for the plush private island. Onefinestay has been listing plush pads since 2010 in sought-after city locations and now has 2,000 homes across London, New York, Paris and LA, with a combined value of £6bn. Villas.com, the vacation rental site operated by booking.com, which includes plenty of plush pads, boasts 308,000 vacation homes.

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Second-home owners are getting younger, meaning more look to the internet for smart rental solutions when they are not using their homes themselves. The average age of second-home buyers in the US dropped from 52 to 45 in the 10 years to 2013, according to the US National Association of Realtors.

Increasingly, people are renting their main homes, too. "Where the super-rich have listed secondary residences for some time, now they're starting to offer their main homes while staying in other properties or holidaying," says Olivier Gremillon, who runs Airbnb's European business.



Fort du Petit Bé, a property available through Airbnb in Saint-Malo, Brittany, in France

Online home rental sites typically feature interactive calendars allowing owners to switch availability on or off at a moment's notice, dodging the advance commitment typically required by property rental firms. As importantly, messaging apps and sophisticated review systems provide homeowners with the information they need to vet potential guests.

Two years ago, Francesca Diana, an Italian jewellery designer who runs her global business from Rio, bought a private island on a rural nature reserve about an hour and half's drive from her home. It has become a precious retreat: "I'd never rent it to someone unknown or give up the control over who could stay there," she says.

Through Airbnb, she corresponds with prospective guests to discover their interests and expectations, then reads reviews from previous hosts to check their form. "I need to know they will respect the national park and aren't here to use the island to party on," she says. This choosiness, and the fact that she will only take guests for a week or more, cuts down her rental periods. But like many of today's premium home-sharers, her motivation is social as well as financial.

Laurent also likes the company. A scion of a large French family — he won't give his surname — he lets his sumptuous 4,500 sq ft Louis XVI-period spare



Samui Sunset Pavilions Villa, in Koh Samui, Thailand, on Airbnb

A property in Sunset Crescent, Los Angeles, on Onefinestay



**'It's cool to be part of the sharing economy and talk about it at parties'**

apartment in Paris. Extra income for maintenance is handy, he says, but his guests, and their generous reviews, are what he gets excited about. He'll give tours of the house, explaining which family castle features in this painting, which French king once sat in that armchair and when that celebrity came to stay. For between £650 and £1,000 per night, depending on the season, he'll throw in a few of his own staff of "cleaners, driver, guardian and cooks".

Visitors during Paris Fashion Week can hobnob with models and celebs at one of his exclusive parties. Younger members of the home-sharing revolution pick their guests with more specific aims in mind. Ben James, who is 26 and

"predominantly single", rents out one or both rooms in his Mayfair penthouse, which includes a huge roof terrace. He'd probably pass on a request from a family with young children, he says, "but two young ladies over in London for a party fit more with my lifestyle". Family in the area means that he can move out briefly if a long booking doesn't quite sync with his own travel plans; at £700 per night, a three-week stay is, he points out, "a decent chunk of change".

James was probably never shy, but others have taken a while to get comfy with the concept of house sharing.

Prime Airbnb listings surged last year when the firm hiked its insurance policy from £50,000 — about enough to cover a

vase in some London homes — to £1m. Owners can add their own deposit requirements and checking procedures. In 10 years Laurent has lost only a Bose sound system and a few bottles of champagne from the cellar.

Many rich users once avoided posting photos on their Airbnb profiles for fear of friends thinking they were hard up, says Mr Gremillon. All that has changed: "now it's cool to be part of the sharing economy; it's something for people to talk about over dinner parties." Some have been led by tech savvy kids, who grew up holidaying on strangers' sofas via couchsurfing.com, and now rent or

Continued on page 7

## Millionaire B&B boom

Continued from page 1

sublet their homes on even the shortest trips. Others have been lured by sites that take the hassle out of the rental process in exchange for keeping a share – typically up to half – of what guests are charged. At Onefinestay and LuxuryRetreats, after a rental price is agreed all the owner must do is decide whether to accept or reject subsequent bookings. Onefinestay ships in linen, towels and toiletries, and uses aircraft-style tamper tape seals to signal to guests which rooms or draws are off limits.

A few users with posh pads may not be super-rich. Lower-income European aristocrats are increasingly employing Airbnb to rent outbuildings on their estates, helping to fix leaking roofs, says Mr Gremillon.

Others are cash-strapped enthusiasts. Alain Etienne Marcel, did a deal with the French town of St Malo, where he lives, to restore a 17th-century fort off the coast in return for a 99-year lease on the property. When he had returned some of the rooms to their original condition, he started to take bookings through Airbnb for up to €1,600 per night. The revenue funds the rest of the work and helps pay for public visits to the fort, his original motivation for the project.

The new home-sharing economy also offers a radical solution to the fraught uncertainties of relocation.

When tech entrepreneurs Leila Zegna and her husband were planning a move from San Francisco to London last autumn, they compiled a shortlist of six central London neighbourhoods. Rather than gamble with a year-long lease in an area they might not like, they used Onefinestay to find three-week home rentals in each of the six areas. The firm provided a list of suitable homes and arranged each stay; the couple arrived to a welcome from an agent and a mobile phone preloaded with the owner's local tips, from restaurants to dry cleaners. The rental cost was just 15 per cent more than that of a long-term let, reckons Mrs Zegna. "It was a great adventure: we were incredibly mobile, living out of a suitcase and exploring each neighbourhood every



El Medio Place, Pacific Palisades, Los Angeles, on Onefinestay



A property in south London, available through Onefinestay



Kubrick House, Santa Monica, Los Angeles, on Onefinestay



Newton Edge, in Singapore, available through Airbnb



A holiday let in Saint-Germain, Paris, available through Onefinestay



A villa available in Moganshan, near Hangzhou, in China, on Airbnb

night after work and at weekends," she says, adding that global firms should follow her lead to make foreign postings more appealing.

Growth in demand for prime home rentals has been driven by the changing tastes of super-rich holidaymakers. Since the financial crisis, a shift from ostentatious consumption to sustainable localism – eccentric cafés and hidden farmers markets – has seen affluent travellers swap design hotels for homestays, says Mindy Ewing of Virtuoso, a premium travel agent that sources many of their properties through high-end sharing sites.

Frequent business travellers are also a growing market. When 49-year-old Paul Watts was working in San Francisco for a British software firm, he chose home rentals for the half dozen

annual trips he made back to London, often with his wife. Now living in London again, they use the site for trips to the Paris office. "It enables us to feel like we have a work-home balance when I'm working abroad; it has been a life-changer," he says.

The same appetite for local immersion has driven growth in internet-enabled home swaps. These include HomeExchange.com, or the smaller, plusier, 3rdhome.com, which is a sort of a car club for holiday homes. Once accepted, members pledge their homes, specifying the dates they are willing to let them out; in return they get credits equivalent to the swankiness of their home and the desirability of the time slots they are offering. These they can spend by booking other homes.

The benefits of home swapping are

## House&Home

### Renting guide

#### Home rentals:

**Luxuryretreats.com**

**Fees:** host rate agreed with owner; site sets guest rate independently and pockets the difference.

**Perks:** full concierge; host specifies level of pampering, from basic housekeeping to full-time staff.

#### Onefinestay.com

**Fees:** host rate agreed with owner; site sets guest rate independently

**Perks:** concierge, full housekeeping, imported linen, toiletries; mobile preloaded with host's local tips

#### Luxury.homeaway.com

**Fees:** host pays annual fee of \$349 or a 10-13 per cent fee per booking.

**Perks:** at discretion of host

#### Airbnb.com

**Fees:** host pays 3 per cent per booking; guest pays 6-12 per cent

**Perks:** whatever host will offer from use of servants to party invitations

#### House swaps:

##### 3rdhome.com

**Fees:** Free to list; each booking costs between \$395 and \$995

**Perks:** the sky's the limit

##### HomeExchange.com

**Fees:** Host chooses membership package, £12 to £20 per month

**Perks:** negotiated with your swap

financial – there's no income from your guests, so no tax to pay – and fantastical – a steady supply of offers from homeowners in Brazil and the Bahamas to swap with your Kensington duplex will feed daydreams to brighten up the rainiest London workday.

As well as the boom in top-end rentals, sites to cater for a range of specialist owners are springing up thick and fast. In the land of the free and home share of the brave, Ryan Galiotto co-founded Kinkbnb.com when one of his friends was barred from a major US home rental site for including pictures of her fully equipped sex dungeon. Back in East Hampton, Solomon may be leading fellow baby boomers into a new dawn of technology-enabled home rental, but that is one site that he won't be using to list his island.