



## 10 Ways to Generate Income in Retirement

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*I write about the world's gems: people, places, and ideas.*

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# Inside 3RD HOME: The Airbnb For Millionaires and Billionaires



High above the noise of New York City's midtown, in a luxury penthouse on west 50th street, a group of middle-aged professionals and retired couples, gathered to drink wine, eat cheese, and plot their next vacations.

In the background, a video played flashing pictures of gorgeous dream homes.

There was the the spacious, noble apartment in Vienna, located in a former palace and next door to the famous Opera House. Newly renovated, it is fit for royalty with high ceilings, antique plaster moulding, and a grand living room lined with historic wood.

And the villa in a five-star resort in the Con Dao archipelago islands in Vietnam with a private infinity pool and outdoor bathroom bigger than some Manhattan apartments. It is perfectly situated on a mile of clean sand and embedded next to the sea and forested mountains.

Closer to home was a beach house on a dune in East Quogue, New York. From the outside it looks like a glass box, lined with windows. From the inside, it feels you are on a ship in the ocean because all you can see is water. There is a solar oculus to capture the sun and a roof deck with a party hot tub and 360 degree views. It is so perfectly designed it was nominated as a World Architecture House of the Year in 2013 and featured in Hamptons Magazine.

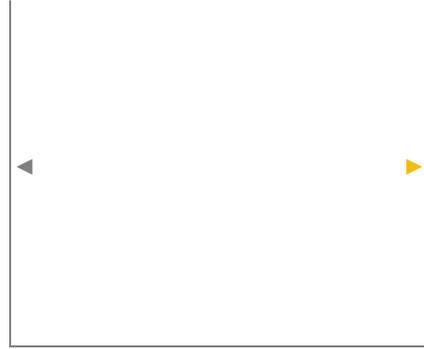
The guests at the reception drooled over these homes, but none of them are out of reach. As members of a private luxury home exchange club called 3RD Home, they can stay in any of them for their next holiday.

To join the club, you must have a second (or third or fourth!) home worth at least \$500K. It has to be located in a desirable vacation destination or in a major city and offer top amenities. A committee then looks at the home and decides if it should be accepted. As President of the Americas and Chief Marketing Officer Steve Zacks, said, "At the end, what we try to do is say, 'Would our members want to go there?'"

Once accepted, home owners gain access to an internal marketplace. They can make their home available for other members to use as often or as little as desired. When they make it available, they get a certain number of credits to use depending on what time of year it is being offered (holiday weekends get more, for example), the value and amenities of the home, and how long it is on the market. Those credits can then be used to rent someone else's home for free. All members pay a small transaction fee that ranges from \$395-\$995

3RD HOME currently has 4,700 homes on offer worth a total of \$ \$10 billion. While the average home is about \$2.4 Million in value, many are in the five, ten, and twenty-million range. Members pay a one time fee of \$2,500 to join. That, along with the transaction fee, is how the company makes money.

It was started in 2010 by Wade Shealy, who sold second homes to people in luxury resorts around the world for 28 years. He was responsible for places like Sandestin, Florida and Hampton Island, Georgia. He sold out the latter within months, even selling a home to [Ben Affleck](#).



When the recession hit in 2007, the game changed. People were hesitant to buy in one location because it didn't seem like a good value for the little time they were there. They also wanted to use their limited funds to travel the world, not repeatedly return to one place. So he thought if he could find a way to monetize the time owners were not there, people would be more willing to own second homes. Five years later 3RD HOME, based in Nashville, has 20 employees and boasts a 60 percent growth rate.

Some members, especially entrepreneurs or retired couples, use the service as a way to travel more often. "The top person last year traveled 26 times," said Zacks. "That means they were on the road half the year staying in other people's homes just by trading. We have members who told us they've saved \$100,000 or \$200,000 or more from using the system because they didn't rent a hotel or a villa." It was amazing to hear home owners at the reception list all the places they've been in the past year, and where they plan to go next.

Others find it more interesting to stay in other people's homes rather than hotels when they travel. Because it's a real home it has pictures on the wall, food in the cabinet, and toys in the game room. It's so easy to feel like a tourist or foreigner while traveling, but staying in someone's home helps you imagine you live there and belong just for a short time.

It's also super convenient. Real homes are stocked with first aid kits and seasonings. They also come in all shapes in sizes so a one-bedroom penthouse can be rented for a romantic vacation and a mansion for a multi-family getaway.

Perhaps the most compelling reason people join is because it's a trustworthy way to be part of the sharing economy, said Zacks. Maybe 3RD users aren't comfortable renting their property on AirBnB to the masses, but they are happy to share their home with this screened and selective group. "These aren't millennials," he said. "These are the people who have been successful, but who still like to be smart with their money. They buy into the idea of the collaborative consumption movement."

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