

The Interconnected VR Industry

Shaun Stewart

Who am I?



2002 - 2010

JETSETTER

GILT



2010 - 2014



2014 - 2016



2016



2016 - 2018

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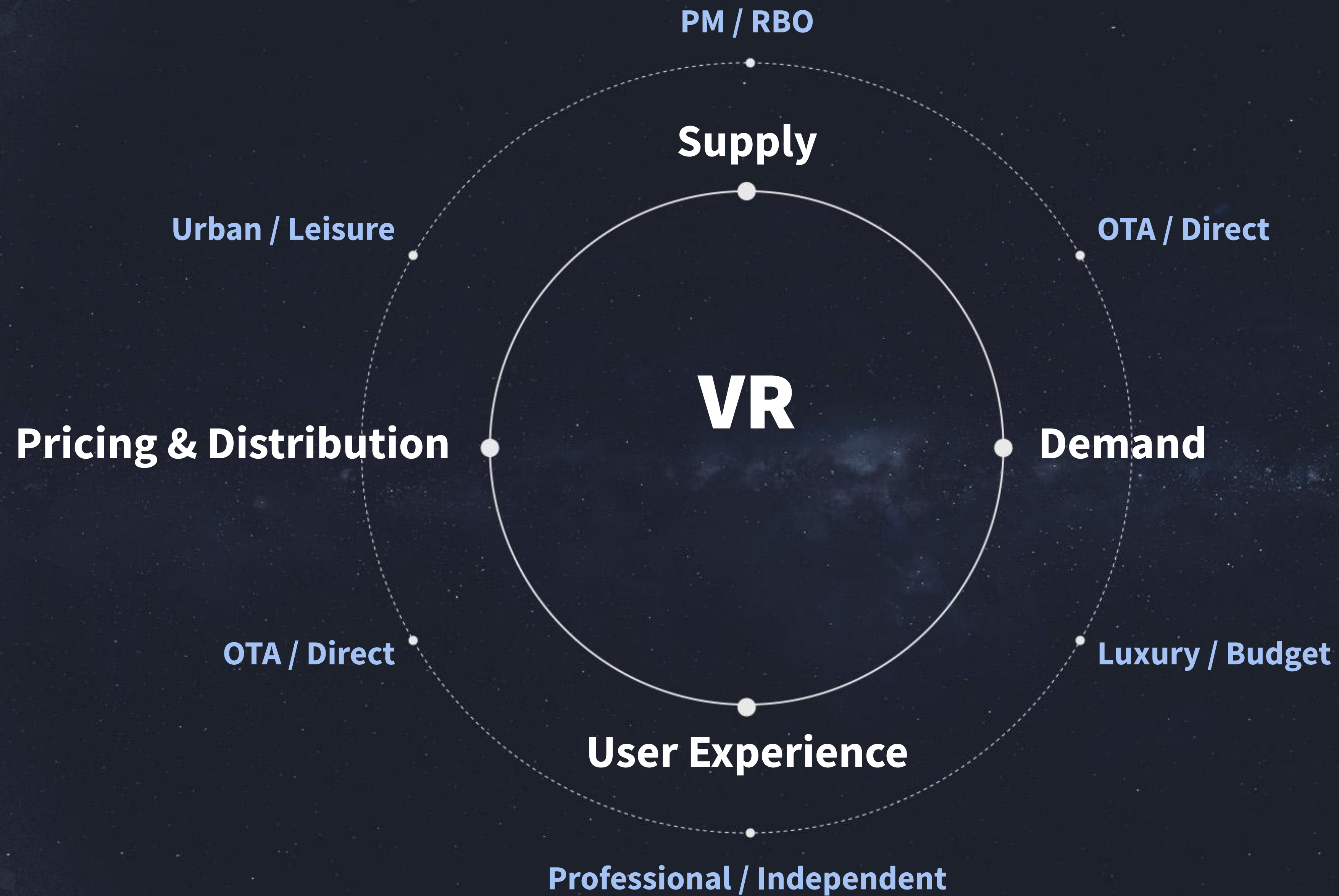
2019+

Investor: KOALA  Transparent  NoiseAware 

VR was already in the middle of seismic shift.

The pandemic accelerated it.

However not all the shifts in the industry present positive developments & many are interconnected.



“The global vacation rental market size is expected to reach \$113.9 billion by 2027”

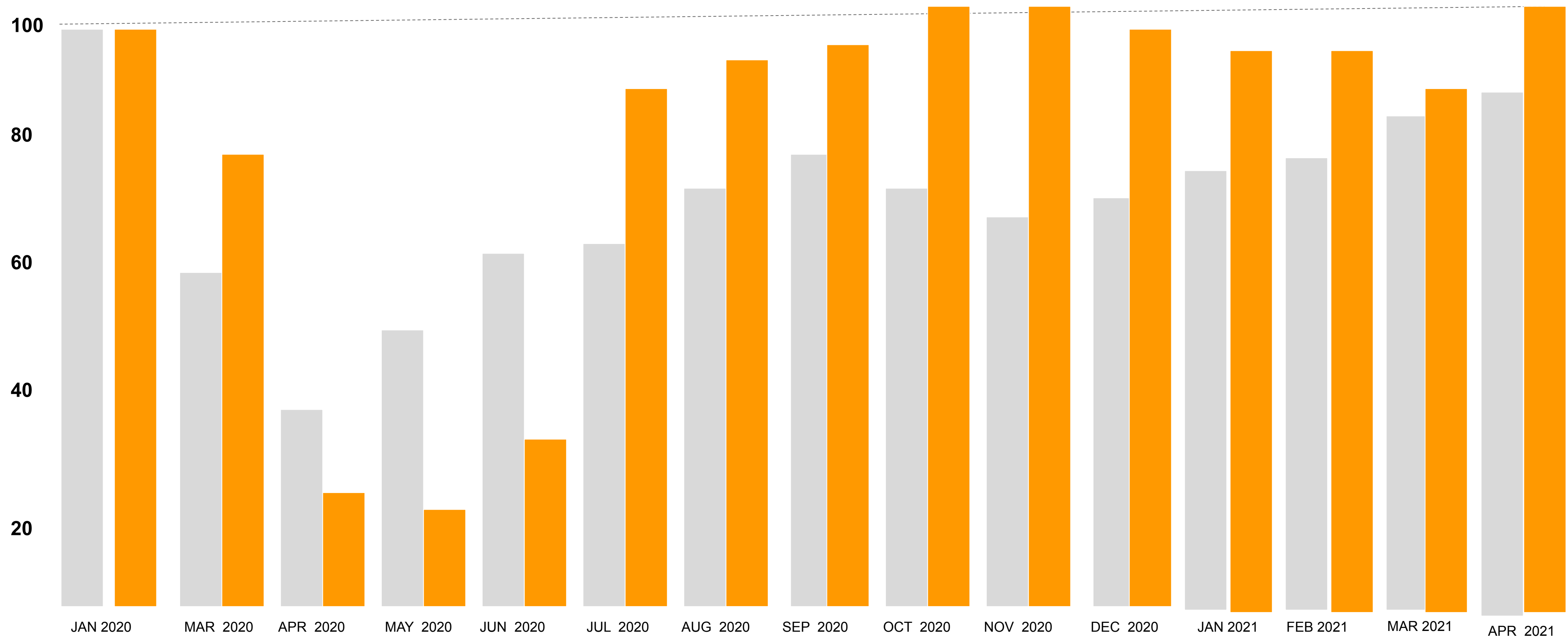
Grandview Research Report May
2020

**“2021 is already off to
the strongest start
we’ve seen in 25 years”**

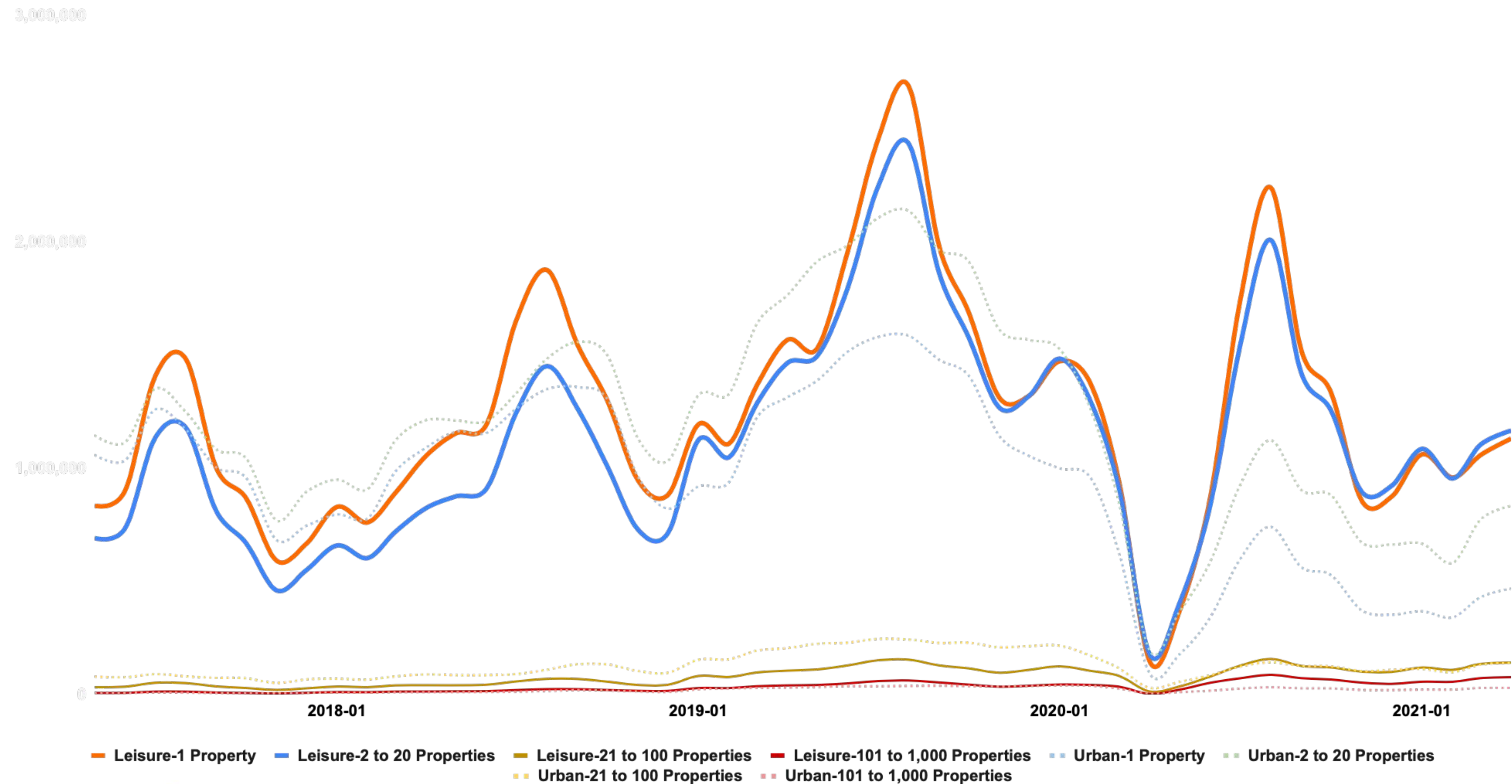
Jeff Hurst, President of Vrbo

VR demand recovery has been stronger than hotels...

Occupancy levels at US Hotels & Rentals Indexed to 2019



And that demand is hitting leisure market small hosts the most



People flocked to distribution channels they knew well...



airbnb

Booking.com



Tripadvisor

tujia 途家

50%



60%

“Before the pandemic, we estimate their market share was just over 50%, and the pandemic has accelerated the platforms’ prevalence, expected to register 60% market share in 2021”

While demand is growing, what is happening to supply?

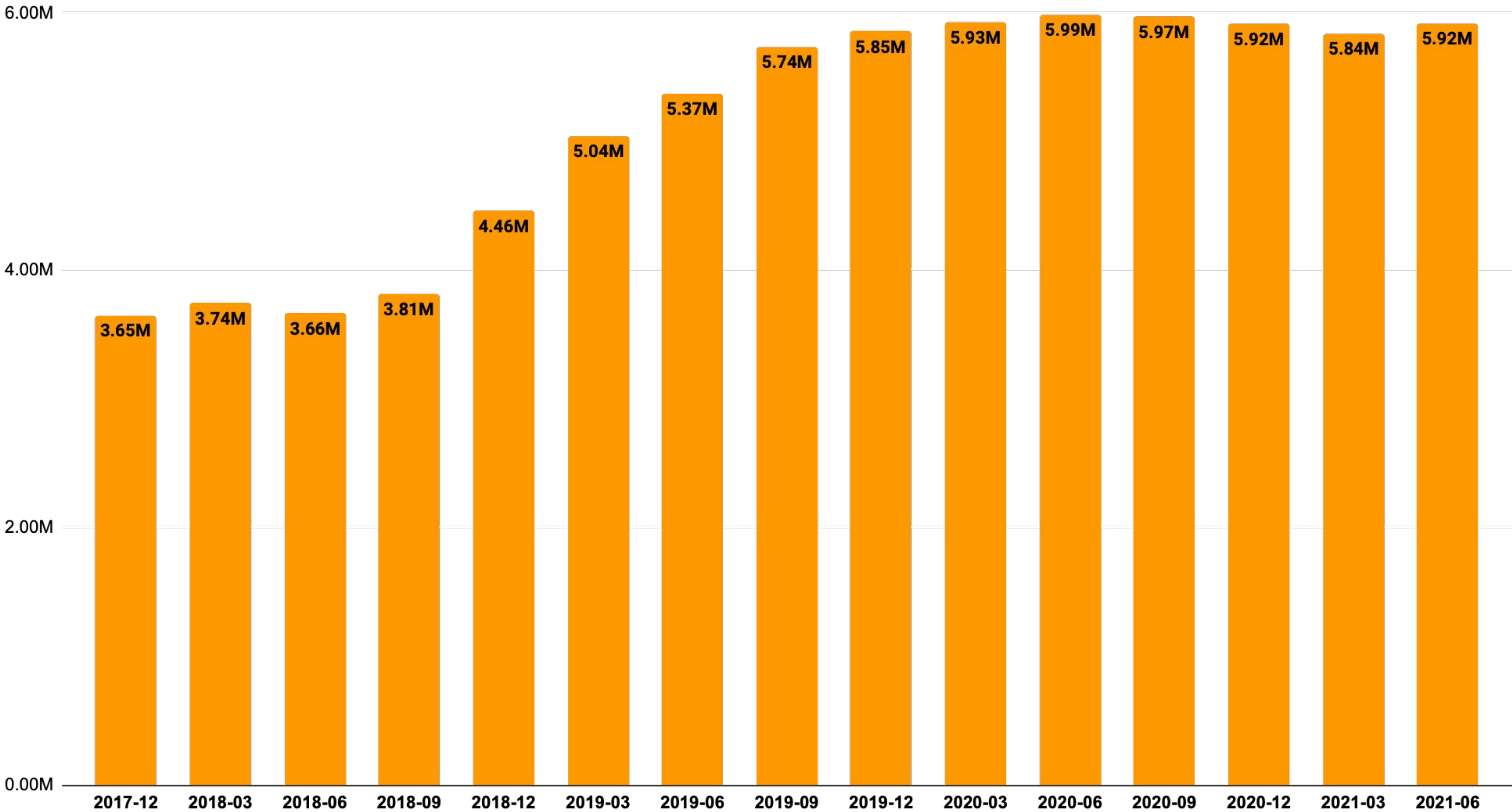
Supply growth has slowed

+60%

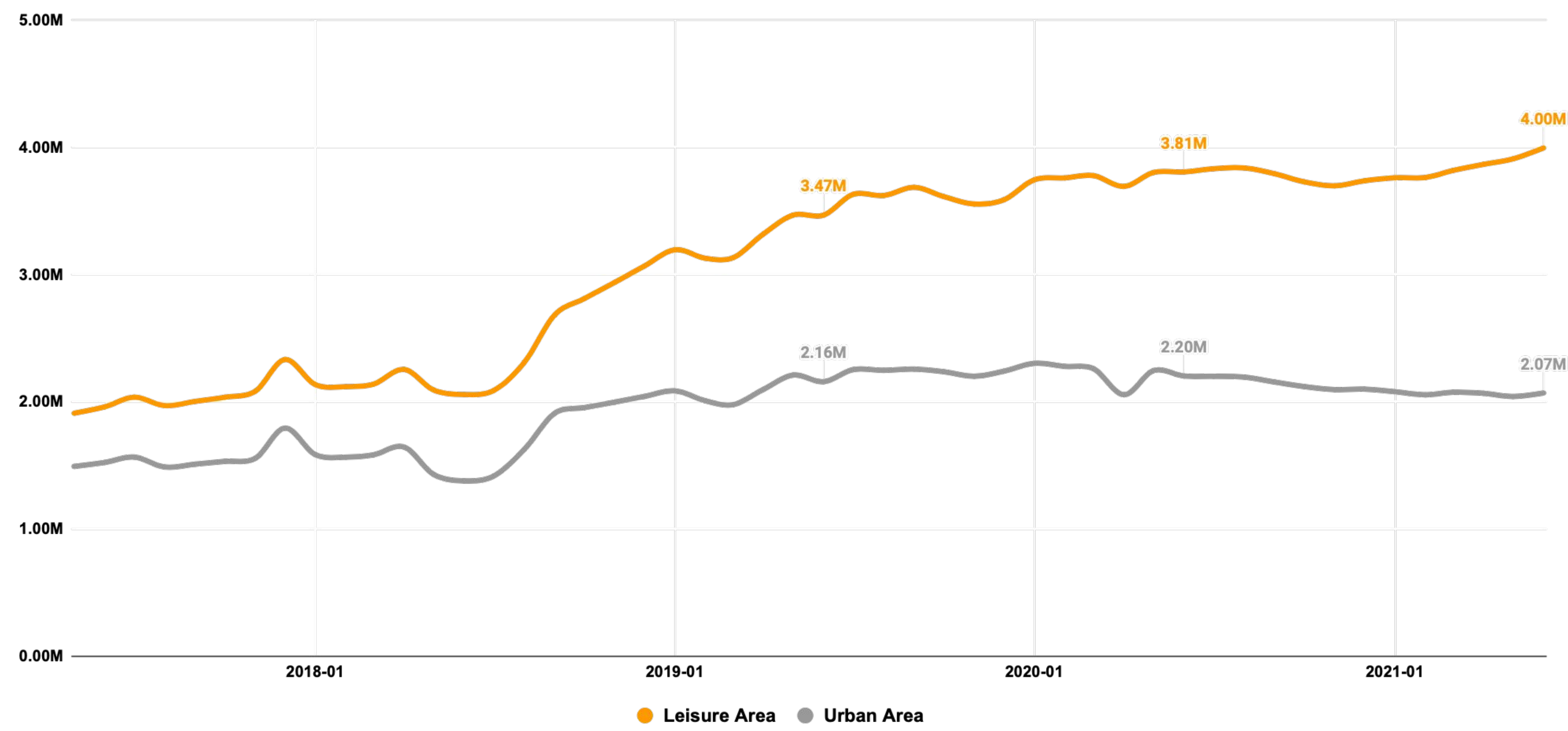
2019 Year End
vs. 2017 Year End

+1%

2021 Half Year
vs. 2019 Year End



But the growth that remains is more predominant in leisure markets vs. urban



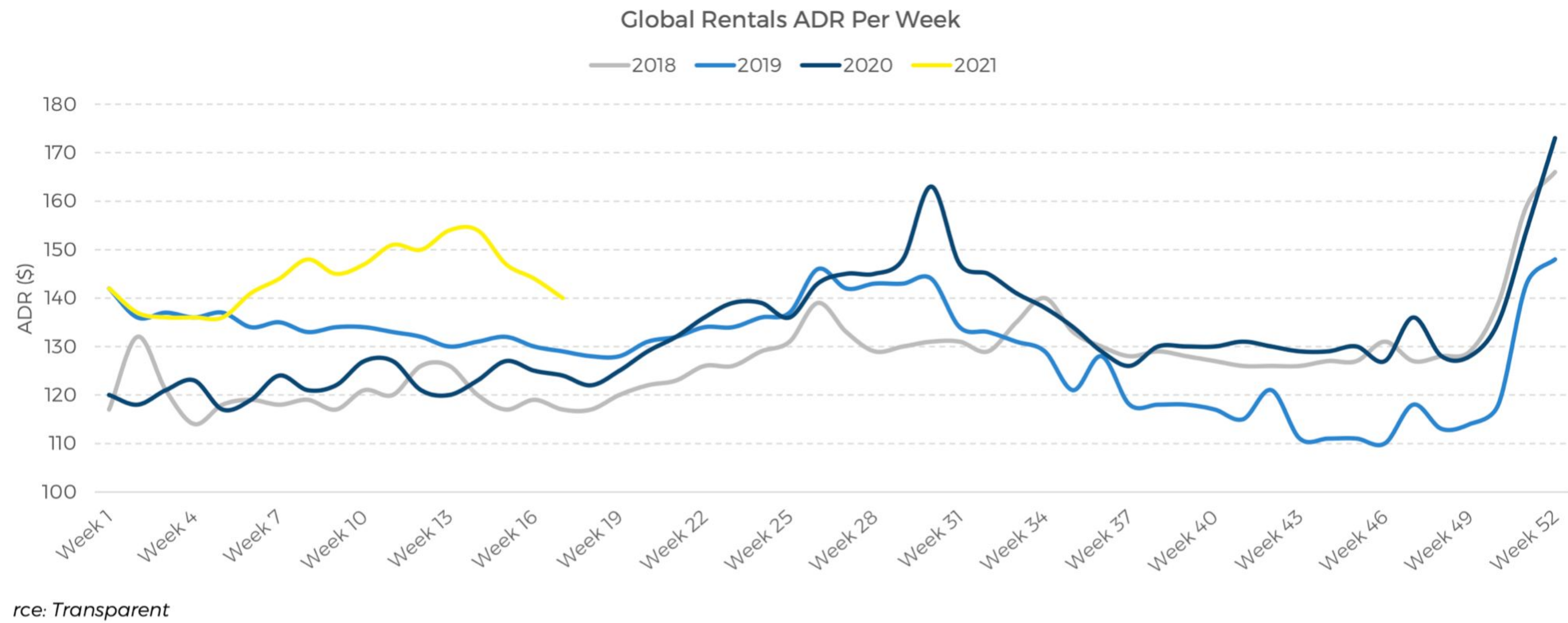
+15%

Over the past 24 months
for Leisure Areas

-4%

Over the past 24
months for Urban
Areas

The combination of growing demand and limited supply driving ADR up



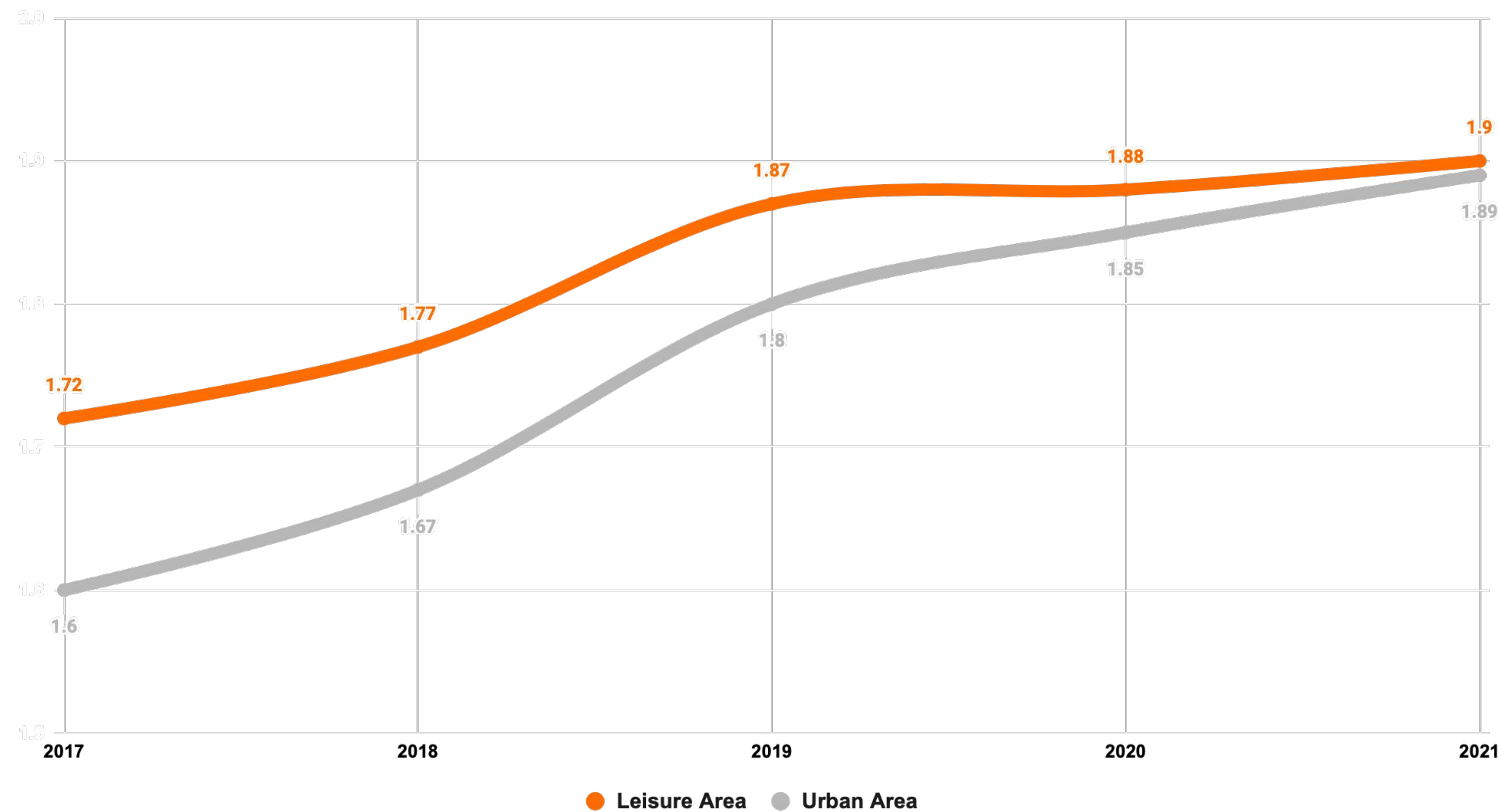
**Skyrocketing demanding, challenging supply
growth = opportunity**

*“Investors hunting for returns in the
frenzied U.S. real estate market are
tapping a new strategy: building
massive portfolios of houses to rent out”*

And that's accelerating professionalization but it's a slow climb

Both Leisure and Urban markets have experienced supply concentration

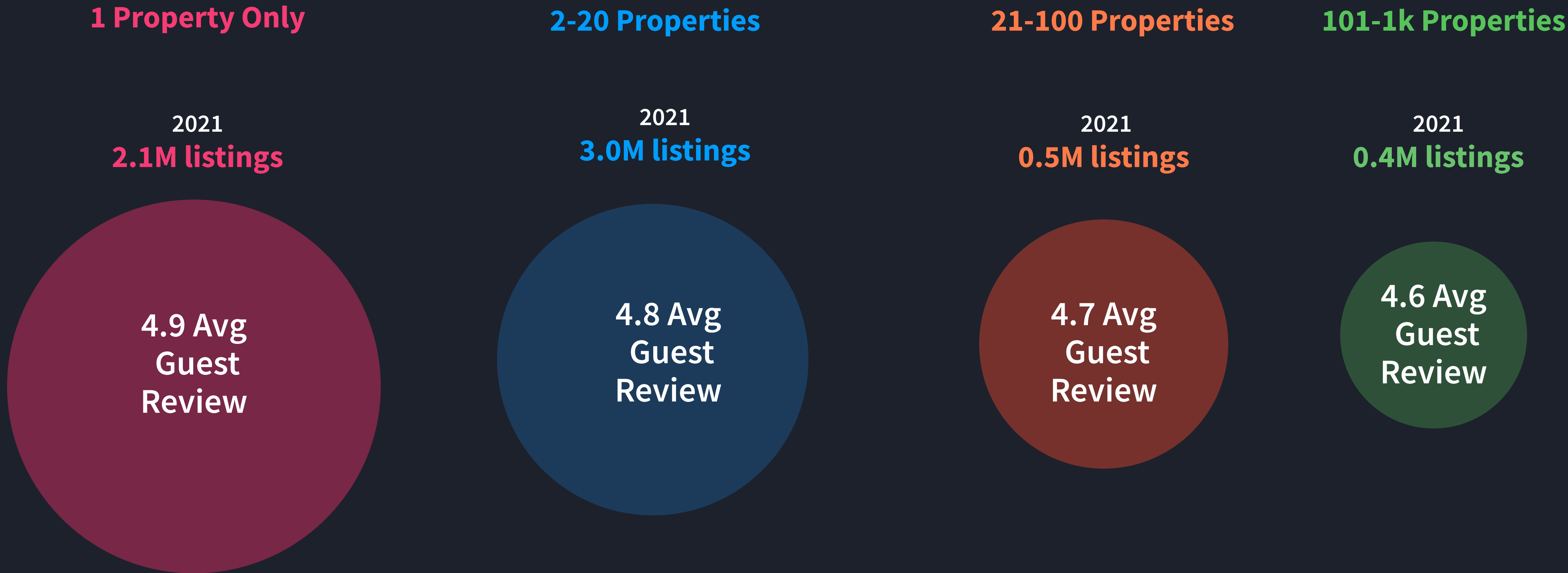
Historically, Leisure markets have been more concentrated but Urban markets are catching up



*: Inventory concentration index is based on the % of supply in different host groups. "1" is all inventory is owned by individual hosts. "5" is all inventory is owned by 1k+ PMs.

**How will this supply
acceleration and
professionalization impact
what made VR unique in the
first place?**

Scale vs. Guest Experience



**So what does this all
mean for operators?**

**The value of your supply is growing, as is
your leverage...**

Exclusivity is the new focus..

Share of Exclusive Listings



49%



12%



28%

Negotiation moves towards the old OTA landscape..

Margin

-With growing power in the hands of the supplier, what margin dilution will occur through portfolio negotiations?

SERP Placement

-Will larger supply holders be able to demand SERP guarantees like hotel's could?

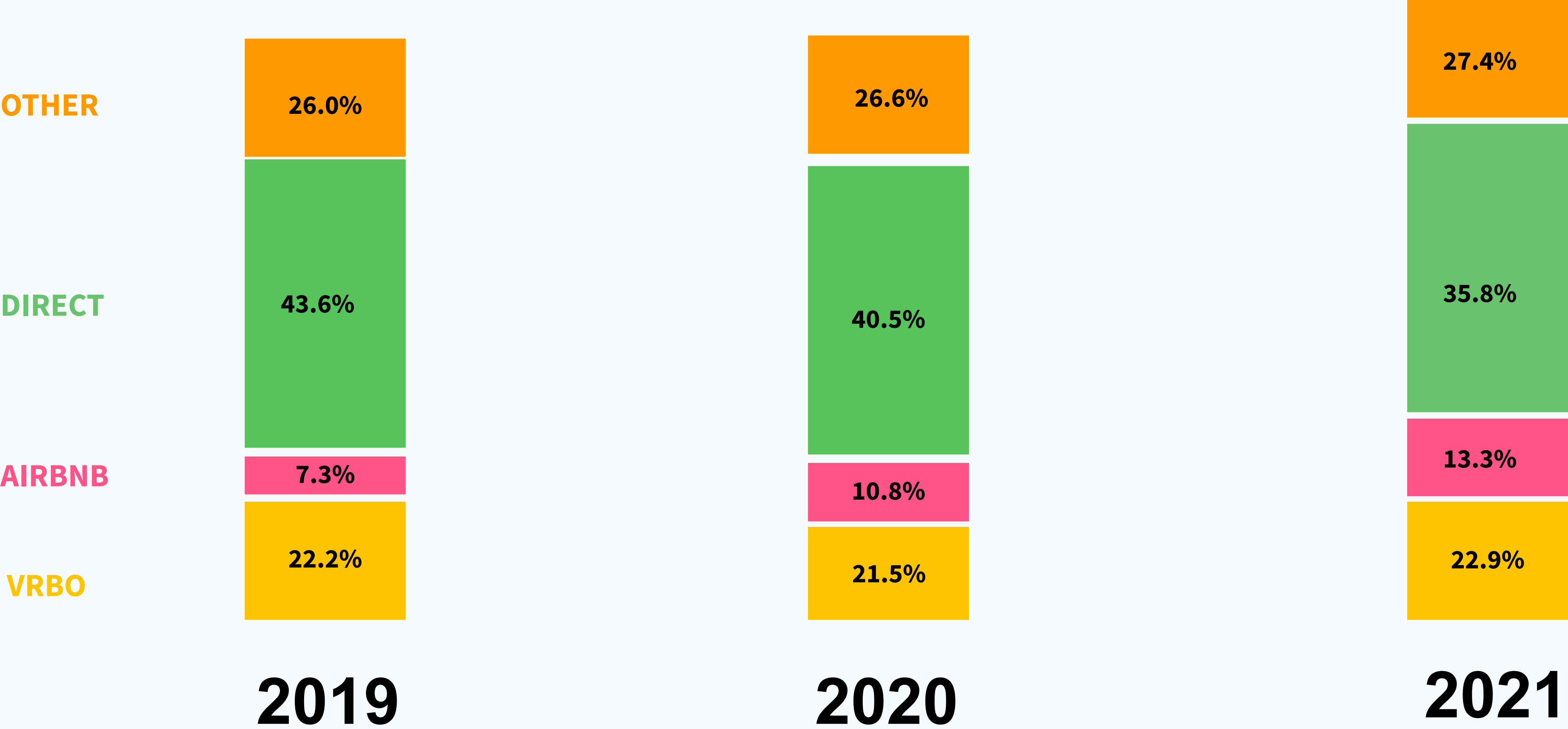
Merchandising

-Where does merchandising and exposure factor into distribution negotiations?

Exclusivity

- Exclusive listing
- Exclusive pricing
- Exclusive inventory
- Exclusive terms

With the reality that the battle for direct remains difficult to win..



*REVENUE OF PROFESSIONALLY RUN US PROPERTIES BY CHANNEL: SKIFT

Will they remember the OTA battles for Las Vegas?



The Airbnb irony...



Thank You!



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Investors Chasing Housing Target Massive Pools of Airbnb Rentals

Bloomberg

“Investors hunting for returns in the frenzied U.S. real estate market are tapping a new strategy: **building massive portfolios of houses** to rent out on Airbnb.”

“A recent filing reveals that Dublin, Ohio-based ReAlpha.com is seeking to spend as much as **\$1.5 billion, including debt, to buy short-term rentals** at an unprecedented scale. “

“Large investors represent a **potential source of new listings**, and may offer a product that appeals to people who like the comfortable uniformity of hotels.”

“The business model has been proven, and now the opportunity is to **do this at scale**”

Moving into the professional world opens up significant opportunities...

Business Travel New Tech

GDS/CRS

New Tools