

Hotel alternatives find stake in Orlando's vacation market

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Online services such as Airbnb and HomeAway are changing the way some vacationers spend their money in Central Florida.

The services, in which homeowners or property-management companies independently list lodging accommodations for rent online, have been gaining popularity among travelers across the globe.

The bulk of HomeAway properties are someone else's vacation home and mostly unoccupied, co-founder and chief development officer Carl Shepherd said. He doesn't see his company taking on hotels.

"I don't believe hotels are asleep at the switch here," he said. "HomeAway is definitely complementary. We are largely additive to the vacation industry."

Scott Smith, a hospitality instructor at the University of South Carolina who spent two decades working in the hotel industry, sees it differently.

"This is absolutely, positively a game-changer," he said. About 65 percent of all hotel stays are based on leisure travel, Smith said — and that's where hotels might start seeing booking numbers slip.

"They are very much in competition with hotels," he said. "And the hotel industry, they don't see it coming."

Central Florida has more than 120,000 hotel rooms, according to the Central Florida Hotel and Lodging Association. Orlando's properties had an 78.3 percent occupancy rate last month, about 5 percent above the industry's national average, according to STR Inc., an industry-tracking company.

DT Minich, chief executive officer of Experience Kissimmee, said that even as vacation-rental homes are gaining popularity, hotels will remain an important part of Central Florida's lodging industry.

HomeAway has more than 1 million international listings and 12,400 in Central Florida. Shepherd said vacation-rental homes, such as the ones his company offers, are established in Florida. Orlando accounts for more than 16 percent of HomeAway's Florida inventory, he said. Customers typically are a group of people or families, and homes are rented, on average, for a week.

An emerging trend Shepherd sees at HomeAway is the increasing number of people renting out their primary residences in the weeks they're away on vacation.

"That, frankly, is going to be competition to hotels and to HomeAway," he said.

While the tech-based services are available to everyone, they do, at some level, cater to millennials, said Smith.

Airbnb travelers can search for almost any type of accommodation, from a full house to a single room in a home to a couch for the night. Founded in 2008, Airbnb has more than 1.2 million listings in more than 34,000 cities worldwide, including more than 1,000 in Central Florida.

Shay Manawar said the convenience and low price of Airbnb rentals in Orlando are what pushed him to rent a room in a Dr. Phillips-area home last month when he was here for a conference.

"For me, I was on a limited budget," said the 25-year-old from Michigan. "It's just a different experience."

Manawar said he viewed his accommodations as nothing more than a place to sleep during a week of meeting new people and networking. Spending \$35 a night made sense for him, he said.

"For tourist cities, like Orlando, I think it will disrupt the hotel economy," said Manawar.

Research from Allianz Global Assistance, an international-travel-insurance company, found that more than 58 percent of millennials, people aged 18-34, are aware of sharing economy services, including Airbnb, HomeAway and ride-sharing services such as Uber and Lyft.

More millennials know about the services than the rest of the American population, according to Allianz's Vacation Confidence Index. About 47 percent of the country was aware of at least one of the nontraditional forms of booking accommodations, transportation or experiences, according to the index.

Not only are millennials more aware, they're more trusting of the services, too. About 60 percent trust them, versus 37 percent of all other travelers.

Trust is important, because Airbnb, for example, requires the total cost of the stay upfront, which it doesn't disburse to the property owner until 24 hours after the guest has arrived. The cancellation policies also could be tougher than those at many hotels. Most hotels offer a refundable rate, depending on when a booking might be canceled.

Smith said the services offer a more personalized experience for guests for less money. He said hoteliers have not paid enough attention to the alternative lodging options.

"I don't think anybody has any idea how this is going to change the lodging industry," he said.

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