

Travelers Flock to Health-First Hospitality Brands, and Investors Are Taking Note

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Key Insights:

- Vacasa's May bookings were for stays an average of 40 days out, nearly back to 2019 levels.
- Travelers are wary of using crowded transportation and staying in close quarters with other guests.

Investors and consumers are regaining confidence in the travel industry.

Last week, full-service property management company Vacasa announced a \$108 million investment round, a bit of good news for the travel and hospitality world, which has been devastated by the Covid-19 pandemic, from airlines to hotels and vacation rental services such as Airbnb and Vrbo, which Vacasa partners with to boost the reach of its hosts' homes.

"We manage the entire vacation rental management process from start to finish, including marketing and booking, housekeeping and maintenance," said Vacasa interim CEO Matt Roberts.

With reopening underway across the country, investors are hopeful for a comeback. Vacasa is already reporting that guest reservations in May were up sixfold over April. Whereas in April the average booking was 142 days out, that window decreased to 40 days by mid-May, nearly the same as in 2019.

"We are seeing a resurgence in vacation rental demand, and we

have a strong summer outlook," Roberts said.

Even so, customers are still uncomfortable staying in close quarters with other guests or traveling in crowded modes of transportation, according recent survey results from the CDC.

As consumers take baby steps back to their normal lives, they are valuing services that place an emphasis on cleanliness, safety and health-first approaches. Rental services have responded by expanding sanitization and other safety protocols to meet that demand.

Stephen Darling, a tourism industry professional who now leads his own hospitality consulting practice, said a variety of factors, from price to convenience, spurs families to choose vacation rental properties over hotels.

"If there is family travel involved, there is far more flexibility for families with young children as compared to hotels," he said. "The facilities are more extensive, and often include a kitchen, laundry and individual bedrooms.

"People also choose vacation rentals because of the price point," he added. "Typically, a vacation rental, which doesn't have once or twice-a-day room attendant service, a concierge, etc. is going to be less expensive."

Darling said choosing between a vacation rental and a hotel comes down to the length of stay.

"When people are traveling, whether it's on business or leisure, and they're going to be there for five to 15 or 20 days, most people get tired of living in a hotel because it's not really living, it's staying," he added, whereas vacation rentals, because of their space and facilities, are "a little bit more of a livable stay."

Vacation rentals allow guests to drive directly to their property, stay there without coming into contact with

strangers, and then drive directly home. To further reassure consumers, services such as Airbnb, Vrbo and Vacasa are all implementing additional cleaning and safety measures.

In late April, Airbnb launched the Enhanced Cleaning Initiative, which includes a 24-hour buffer between stays and an enhanced sanitization protocols. If hosts cannot implement these new cleaning measures, they must wait 72 hours between bookings. Guests are able to view which hosts participate in the cleaning protocol before reserving a stay.

Vacasa, which places all of its customers' rental homes on Airbnb, offers hosts professional cleaning services in between stays so hosts do not have to clean themselves or hire a cleaning company, as well as an upgraded linen program that provides fresh bedsheets and towels for guests along with laundering them between stays and replacing them at least once a year.

The company also provides an amenities starter kit for guests, which includes "hair and body care products, cleaning supplies, and additional stock of basic household items like paper towels, toilet paper, a new sponge, dishwashing soap and laundry detergent."

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