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## Home-Office Fatigue Fuels the Workation, a Combination of Work and Vacation

While the coronavirus pandemic has hit the hotel industry hard, some private rentals are benefiting from remote workers keen for a change of scenery

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The coronavirus pandemic has forced many people to work from home, but some are escaping to private rentals for a 'workation.'

*PHOTO: EVA PLEVIER/REUTERS*

The coronavirus pandemic has forced many people to make adjustments to their lives, perhaps most notably as they have shifted to working from home and to avoiding both business and leisure travel.

The pandemic has dealt a blow to travel and tourism. Hotel occupancy declined 77% year-on-year in the last week of March, the week after most of the countries implemented containment measures, a study in 27 markets by research firm STR showed.

Home rentals showed greater resiliency, declining 46%. While hotels historically have shown higher occupancy compared to home rentals, short-term rentals have surpassed hotel occupancy in the wake of the coronavirus and the increase in working from home.

Part of this resiliency derives from the emergence of the "workation"—a way of combining work with travel—which lets people escape the confines of the home office while staying on the job.

David Davinroy, who owns a Taiwanese restaurant in Geneva and runs an agency that helps people set up restaurants, found it necessary to reinvent his business model due to the pandemic. After months shut in at his apartment in Geneva, he couldn't think clearly anymore and rented a chalet in the Alps with his partner.

"It was a combination of being at home, at work and on vacation," Mr. Davinroy said. "We were more productive and creative."

Mr. Davinroy booked the chalet through Emerald Stay, a Swiss start-up that offers premium homes in destinations such as the French Alps. All of its homes provide fast WiFi, additional monitors and home-office facilities so that hosts "can work where they vacation."



Chalet Omaroo II in Morzine in the French Alps, leased by Emerald Stay, includes home-office facilities.

*PHOTO: EMERALD STAY*

Workation guests are usually interested in the services that aren't specifically work related, but make the experience feel more like a vacation, even when there is work involved. The chalet that Mr. Davinroy rented included sports equipment rental and a wine cellar.

Even before the coronavirus crisis, the private-home-rental sector was the fastest growing segment in the travel sector, growing by 7% a year, according to a report by research company Technavio.

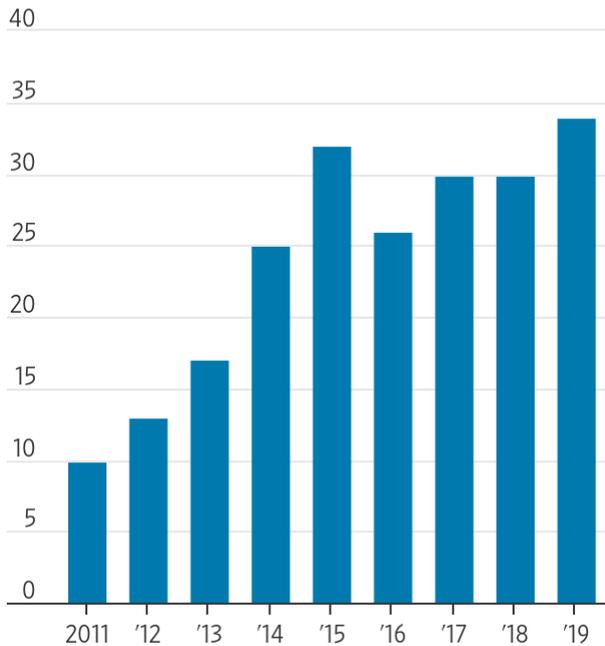
The hotel industry continues to be the main player in the sector and 7 out of 10 U.S. travelers preferred hotels to private rentals in 2019. But the share of U.S. travelers who booked short-term rentals in 2019 was 34%, up from 10% in 2011, according to a report by travel-industry research firm Phocuswright.

The coronavirus pandemic and the option of remote work has sharply increased the popularity of home rentals. Over the summer, Emerald Stay recorded a 50% increase in the average length of stay--from 4.5 to 6.7 days--and a 60% increase in the number of bookings compared with the same period last year.

Before the summer started, some argued that hotels would fare better than rentals as travelers would place more trust in hotels to keep rooms clean and sanitized. However, this wasn't the case.

In a study in 27 markets by the research firm STR, hotels' revenue per available room in the first six months of 2020 was 64.8% lower than the previous year. Short-term rental revenue per available room was down only 4.5% year-on-year.

## Share of U.S. Travelers Using Home Rentals Before Pandemic



Source: Phocuswright

“Private homes have suddenly become much more attractive than hotels because you can avoid any type of interaction with staff or other guests,” Maxime Friess, co-founder of Emerald Stay, said. He said cleaning standards can be at the same level as those found at a hotel.

“Renting a private house or apartment in less densely populated areas offered more intimacy and a feeling of greater control, which partially explains the higher resilience of short term vacation rentals like Airbnb or emerging players like Sonder, Sweet Inn or Emerald Stay,” said David Foul, partner at OnePoint, a digital transformation company working with hospitality groups.

Mr. Foul is confident in the growth prospects for private rentals for work, “offering the services and amenities of hotels and the set-up of offices in new environments, while creating the intimacy of home.”

The location makes a difference, according to Mike Coletta, research and innovation manager at travel-industry research firm Phocuswright. “Urban properties

are still in very bad shape, while those in more rural areas have shown a bounce-back in summer,” he said.

As a group, millennials have jumped at the opportunity to travel while working, especially after three months when they couldn’t leave home because of strict lockdowns.

Millennials remain key drivers of the segment of short-term rentals, with more than four in 10 rental travelers being under 35, according to a study by Phocuswright.

“Young travelers are driving the recovery,” Mr. Coletta said.

Christian Caratas and Clara Gomez met at a wedding in Madrid in January. He was living in London and she was living in Rome, so a future together seemed unlikely. Two months later, the coronavirus pandemic hit Europe. They decided to leave their apartments in Rome and London and started working remotely, changing locations every 10 days.

“Our rents in London and Rome were extremely high and with that money we can afford nice Airbnbs everywhere,” Mr. Caratas said. So far, they have worked from seven different cities.

The couple said that among the reasons for choosing a short-term rental were that these apartments are cheaper than hotels, offer more privacy and have a kitchen.

“Having a kitchen is extremely important for me, because it’s always healthier to eat at home,” Ms. Gomez said. When renting a place for a longer period of time, eating at restaurants every day is also more expensive, the couple said.

Workation raises some distrust among managers, Ms. Gomez said. “They associate work from home with no work.” But she thinks that she works more this way.

The couple believes that the workation trend is here to stay, but will evolve toward longer stints. They say they get tired of changing places every couple of weeks, which can be “distracting.”

What started as a short-term trend can become a long-term trend as companies realize they can keep this way of working, according to Mr. Coletta of Phocuswright.

“Workation is a significant trend that everybody in the sector is watching,” Mr. Coletta said.

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