B2B Short-Term Rentals: Are New Tech Startups Poised to Change the Discussion?

2017 NMHC Fall Board of Directors & Advisory Committee Meeting
September 12-14, 2017
Margette Hepfner
Senior Vice President, Client Services
Lincoln Property Company

Sean Conway
CEO
Pillow Residential

Erik Eccles
CEO
Urbandoor

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Parallel

Jason Fudin
CEO
WhyHotel

Maksim Ioffe
Founder
SubletAlert.com
HOW WOULD KNOWING THAT SHORT TERM RENTALS ARE ALLOWED IN COMMUNITY AFFECT YOUR OPINION?

PERCENT SAYING POSITIVE OR NO IMPACT (BY AGE)
HOW WOULD KNOWING THAT SHORT TERM RENTALS ARE ALLOWED IN COMMUNITY AFFECT YOUR OPINION?

PERCENT SAYING NEGATIVE OR WOULD NOT RENT (BY AGE)
HOW INTERESTED ARE YOU IN ABILITY TO EARN INCOME THROUGH LISTING YOUR APARTMENT ON STR SITE?

PERCENT SAYING INTERESTED OR VERY INTERESTED (BY AGE)
HOW INTERESTED ARE YOU IN ABILITY TO EARN INCOME THROUGH LISTING YOUR APARTMENT ON STR SITE?

PERCENT SAYING INTERESTED OR VERY INTERESTED (BY CLASS)
How interested are you in ability to earn income through listing your apartment on STR site?

Percent saying interested or very interested (by income)
HOW WOULD KNOWING THAT SHORT TERM RENTALS ARE ALLOWED IN COMMUNITY AFFECT YOUR OPINION?

PERCENT SAYING I WOULD NOT RENT THERE (BY AGE)
Most short-term rentals are happening in multifamily buildings.

Airbnb booked nights in multifamily buildings from 2008 to 2020:

- 2008: 400MM
- 2009: 300MM
- 2010: 200MM
- 2011: 100MM
- 2012: 65%
- 2013: 65%
- 2014: 65%
- 2015: 65%
- 2016: 65%
- 2017: 65%
- 2018: 65%
- 2019: 65%
- 2020: 65%

Data from: Pillow
AIRBNB USE
(AMONG BUSINESS TRAVELERS)

2015                2016E                  2016A                 2017E
12%                           16%                           18%                    23%

Data from: AlphaWise, Morgan Stanley Research
NEW U.S. APARTMENT SUPPLY

NEW APARTMENT CONSTRUCTION AT ITS HIGHEST LEVEL IN 20 YEARS

Data from: Yardi Matrix, *2017 is an estimate
<table>
<thead>
<tr>
<th>Partner</th>
<th>Parallel</th>
<th>Pillow</th>
<th>UrbanDoor</th>
<th>WhyHotel</th>
<th>Sublet Alert</th>
</tr>
</thead>
<tbody>
<tr>
<td>How they Identify</td>
<td>&quot;A technology-driven, strategic short term rental partner for premium multifamily communities&quot;</td>
<td>&quot;Reinventing the Multifamily Lease with Homesharing&quot;</td>
<td>&quot;Doing for furnished apartments what OpenTable did for restaurants&quot;</td>
<td>&quot;Making lease-up more profitable while hedging absorption risk&quot;</td>
<td>&quot;Helping you build better communities by eliminating unauthorized sublets&quot;</td>
</tr>
<tr>
<td>Gives you control, while allowing residents to list their homes on Airbnb, and you share in the revenue</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide Furnished Apartments</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>You furnish it, we'll occupy it</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Revenue Sharing Model</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Lease Units at Market Rent</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Their staff manages the process from booking, to check-in, check-out, turn, etc.</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Train your on-site staff to manage short-term residents</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Help you understand and stay up to date with local and state regulations</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Ensure property is in compliance with local and state regulations</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Partner</td>
<td>Parallel Travel</td>
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</tr>
<tr>
<td>How they Identify</td>
<td>&quot;Luxury furnished accommodations with zero impact to your building&quot;</td>
<td>&quot;Reinventing the Multifamily Lease with Homesharing&quot;</td>
<td>&quot;Doing for furnished apartments what OpenTable did for restaurants&quot;</td>
<td>&quot;Making lease-up more profitable while hedging absorption risk&quot;</td>
<td>&quot;Helping you build better communities by eliminating unauthorized sublets&quot;</td>
</tr>
<tr>
<td>Rezone your property as a hotel</td>
<td>✅</td>
<td></td>
<td></td>
<td></td>
<td>✅</td>
</tr>
<tr>
<td>Solution during lease-up</td>
<td>✅  ✅  ✅</td>
<td>✅</td>
<td>✅  ✅  ✅</td>
<td>✅  ✅  ✅</td>
<td>✅  ✅  ✅</td>
</tr>
<tr>
<td>Long-term solution / partner</td>
<td>✅  ✅  ✅</td>
<td>✅</td>
<td>✅  ✅  ✅</td>
<td>✅  ✅  ✅</td>
<td>✅  ✅  ✅</td>
</tr>
<tr>
<td>Our locks (units only)</td>
<td>✅</td>
<td></td>
<td></td>
<td></td>
<td>✅</td>
</tr>
<tr>
<td>Your locks</td>
<td>✅</td>
<td></td>
<td></td>
<td></td>
<td>✅</td>
</tr>
<tr>
<td>Screen Guests</td>
<td>✅  ✅  ✅</td>
<td>✅</td>
<td>✅  ✅  ✅</td>
<td>✅  ✅  ✅</td>
<td>✅  ✅  ✅</td>
</tr>
<tr>
<td>Umbrella Insurance</td>
<td>✅  ✅  ✅</td>
<td>✅</td>
<td>✅  ✅  ✅</td>
<td>✅  ✅  ✅</td>
<td>✅  ✅  ✅</td>
</tr>
<tr>
<td>Let you know when your residents list on Airbnb</td>
<td>✅</td>
<td></td>
<td></td>
<td></td>
<td>✅</td>
</tr>
</tbody>
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