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Vacationers choose homes over hotels

More tourists opt for cheaper accommodations in homes and condos.

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Some of the hottest vacation accommodations in Central Florida are hiding in plain view, cloaked so completely in the commonplace that they are in a sense invisible.

Thousands of single-family homes, town houses and condominiums clustered in newly built subdivisions near Walt Disney World are in fact vacation homes available for short-term rental. They cater to economy-minded group travelers who can save hundreds of dollars in hotel bills by renting an entire home instead of a number of adjacent rooms.

In the past two decades, vacation rentals have moved from the fringes

of the region's lodging industry to its mainstream. The Central Florida Property Managers Association, which represents rental agencies, estimates that there are now 20,000 to 25,000 rental properties in Polk, Osceola, Orange and Lake counties, most clustered near the theme parks.

"We like to call it a cottage industry, no pun intended," said Ted Garrod, Osceola County Zoning and

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Code Enforcement director. "It started as an unregulated business 15 years ago and has grown to include 205 communities at last count."

Yet it remains stealthy. Most of the region's estimated 700 property-management companies market fewer than 100 houses each. Although the renters pay resort taxes, no one has yet studied the effect they're having on hotels, which are suffering falling occupancy levels throughout Central Florida.

More and more such short-term rentals are in the market. Garrod said that almost every new subdivision near Disney World now includes at least a section of vacation rentals.

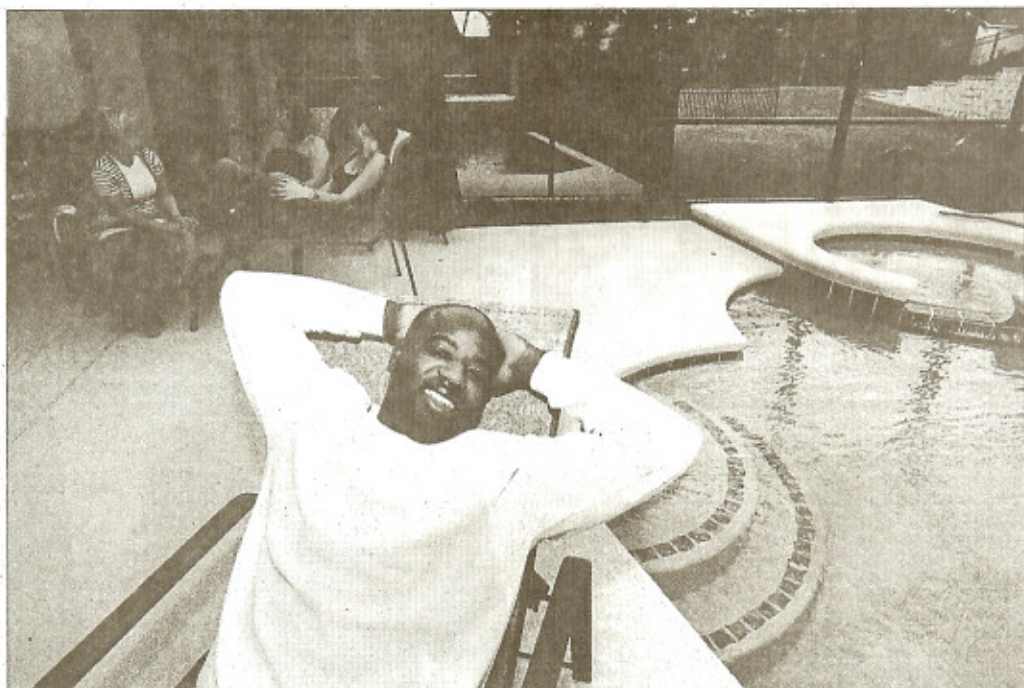
Individuals own most of them. Some buy the dwellings strictly as investments, while others want to milk some income from their vacation home. Many are like Leslie Nixon, a Briton who began coming to Central Florida with his family in the 1990s and caught the state's real-estate bug.

Nixon bought a home near Walt Disney World in 1998. He loved the property but was less than thrilled with the cost of ownership. So he put his four-bedroom house on the short-term-rental market, creating a cash flow that offset some of the expenses.

"It seemed a good way to cover some of the costs of running the house," Nixon said. "We really can't think of any problems. It doesn't cover all the costs, but it certainly helps."

'Whole neighborhoods'

Britons helped launch the industry in Florida. Renting vacation homes is far more common in Europe than in the United States, but management companies say Americans are catching on. The business is young, and like many



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Kendall Griffin, 34 (front), of Chicago sits poolside with friends (from left, in back) Terry Burton, 32, Kelli Dempsey, 27, Christina Gardner, 32, and Rhea Duschinsky, 28, while on vacation in a rental home in Kissimmee. In the past two decades, vacation rentals have moved from the fringes of the Central Florida's lodging industry to its mainstream. "You can't beat this," Griffin said, praising the cost and safety of the community.

new enterprises, it is far from consolidated.

"It is a very fragmented industry," said Steve Trover, chief executive officer of All Star Vacation Homes in Kissimmee. "It grew dramatically in 2005 and 2006 with the big wave in second-home buying. In the Orlando area, there is a very large amount of property that is being rented out."

Osceola and Polk counties have special zoning for rental subdivisions.

"There are whole neighborhoods in Osceola and Polk that are composed entirely of rental homes," Trover said. "Since the

average home has four bedrooms, that is the equivalent of about 75,000 hotel rooms."

Many are packed with bedrooms, most with baths and televisions. What looks like a garage door from the outside might really be the wall of a home theater or a billiards room. And pools are standard.

"We rent pools with houses attached to them," Trover said. "A lot of people today want the privacy of their own pool, and you can't get that at a hotel."

Kendall Griffin of Chicago rented a vacation home in Kissimmee this month.

"Our experience is wonder-

ful," said Griffin, who shared the house with his girlfriend and two other couples. "Cost is the main reason — it's a lot cheaper than renting hotel rooms. And the communities are clean and safe. And you don't have to go out and eat every night."

Management companies are striving to improve the experience. Houses and condos that rent for four days or more typically are fully outfitted. In some cases, refrigerators are stocked in advance, and maids and chefs are provided for an extra fee.

"We have an in-home gro-

cery service, and we are even working on offering in-home massages, though we don't have that yet," said Russ Kraft, general manager of Global Resort Homes, which manages houses in three Disney-area subdivisions. "We are trying to take the guest experience to the next level."

Consolidation expected

Kraft said the market exploded during this decade as housing construction boomed and investors gobbled up property. He said the market is now ripe for consolidation.

"I see somebody coming in

and trying to consolidate a few companies into a recognized brand," he said. "That could happen, and I'm sure it will make it harder and harder to compete."

It is already happening. ResortQuest, a division of hospitality-industry operator Gaylord Entertainment, is the first large company and manages 16,000 rentals throughout the country, though none in Central Florida.

"Given our size and the number of units we have, we view ourselves as a brand," said Peter Weien, ResortQuest's chief operating officer. "People who book with us at Hilton Head in the summer will come back when they want a home in one of our ski markets."

ResortQuest has invested heavily in an interactive Web site that allows vacation planners to book online, something most smaller companies can't afford. Weien said that vacation rentals, which not long ago were a sideline business for real-estate brokers, are becoming part of the hospitality industry.

"Vacation rentals started as an adjunct to the real-estate industry in many markets," Weien said. "That's changing."

Nigel Worrall, president of Florida Leisure Vacation Homes in Kissimmee, said that despite the recent growth, vacation homes are still a niche market catering to extended families and small groups from businesses. But he said small groups planning extended stays are coming to appreciate the value of a house.

"It's all about what average customers can get for their money," Worrall said. "You can rent a vacation home for an amount similar to a hotel room, but you get a whole house with a pool. That has an appeal."

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