

THE WOMAN BEHIND NHS HOMES

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I came across NHS Homes in a BBC News article in April. A little research led me to Merilee Karr, chair of the Short Term Accommodation Association (STAA), and founder and CEO of award-winning luxury home accommodation business UnderTheDoormat.

In this Q&A session, she explains her perspective of the coronavirus impact on the serviced accommodation and broader travel sectors, and what led her to set up NHS Homes. For the full story, download Your Property Podcast episode 37: "How will the short-term accommodation industry survive the COVID-19 crisis?"

About NHS Homes

The concept was simple: people with empty properties in the serviced accommodation sector could offer their properties to NHS staff for free during the COVID-19 pandemic. NHS staff registered their need and owners registered their available homes at nhshomes.co.uk. Registrations were coordinated centrally.



About Merilee

American national Merilee came to the UK to work for Shell after doing a Masters Degree in the Netherlands. Her role eventually evolved to include property management with responsibility for 12,000 petrol sites across 43 countries. Although she describes this as "not the job you ever expect to do when you're growing up," it sparked an appreciation and love of property.

The global corporate experience proved valuable and she was later able to transfer her skills to the serviced accommodation sector when she set up UnderTheDoormat.

Knowledge of health and safety and other management issues were constructive in establishing a professional and systemised business model.

About UnderTheDoormat

A London-based company managing over 300 short-stay homes across the capital providing a fully managed service to individual owners and companies who have properties sitting empty for periods of time. Many of these are high-end second homes. The service covers every aspect including marketing via 30+ platforms, bookings, personal check-ins, cleaning, provision of linens and insurance.

The company offers a broad range of home accommodation with prices ranging from around £100 per night for a one/two-bedroom apartment to almost £800 per night for a four-bedroom penthouse in Mayfair.

under the doormat 

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STAA
Short Term Accommodation Association

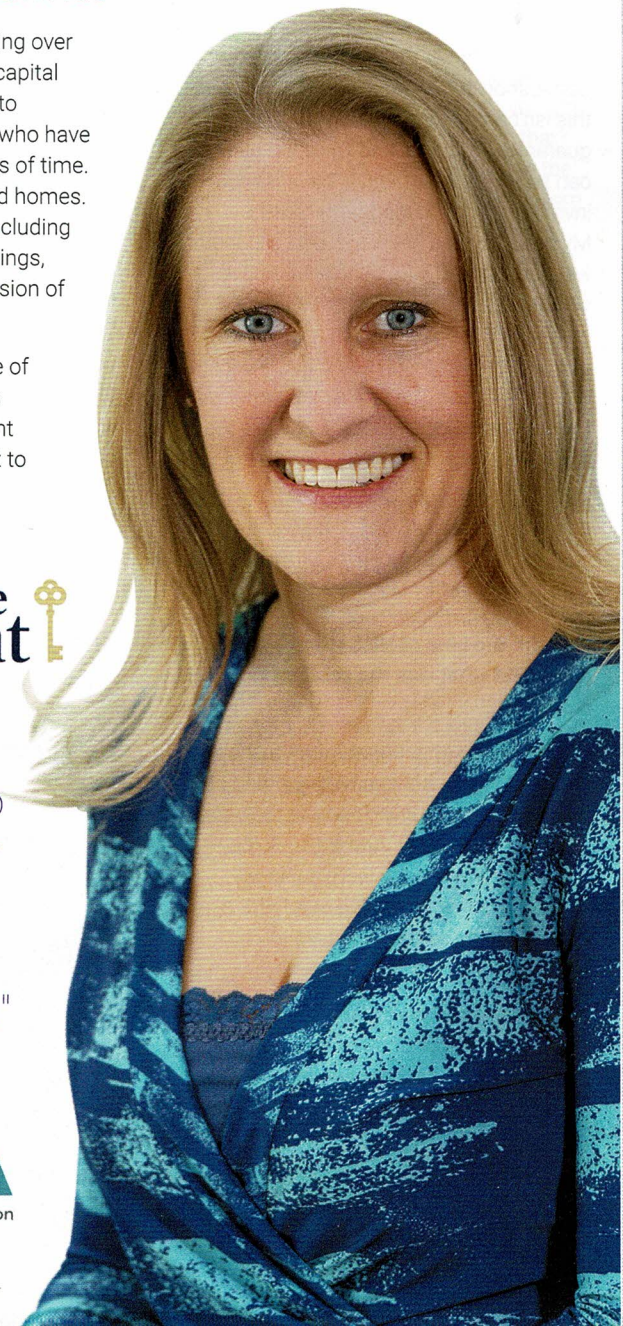
Q&A with Merilee

[YPN] What was your first reaction when coronavirus struck and how did you deal with it? It must have been unsettling to see bookings drop off with so many properties on your books.

[Merilee] 2020 was set to be our best year ever, both for owners and for us as a business. Part of what we do is to offer distribution services to other companies, such as small holiday home providers, and we were working with a company in Italy to bring their residential portfolio online. Our discussions with them meant we had early warning signs before the pandemic set in here.

In a matter of weeks, we went from a world where everyone was planning their holidays to a world where companies were struggling with the number of cancellations coming through. It was incredible.

I think our sector was at the forefront of recognising the crisis was coming and had to adapt quickly.



Across the industry, we were helping companies prepare, making sure their policies were clear and maintaining customer confidence. It hasn't been easy because no one in the travel world has ever seen anything like this. Even looking back to 9/11 and the financial crisis, neither of those hit the whole world to the scale that this has. Companies in this sector are feeling the brunt of the impact.

The real questions are around how we recover, what further support is required from the government and helping consumers understand what they can do to make sure their favourite travel companies will still be around in the future.

How soon do you think we will bounce back to normal travel and bookings?

Right now, nobody knows, but industry experts are anticipating that domestic travel will come back first with international travel following later. We're expecting summer 2021 to be the point when we start to see some semblance of normality.

In the meantime, we might see some more midterm bookings but I think there will be shifts in supply as well as demand. That will play a role in how the market recovers. Some short-term rental landlords will realise this isn't an industry for continuity and guaranteed income, and while the peaks can seem really attractive, there is more risk involved than with long-term rentals.

My business has never focused on landlords; we work instead with people who have second homes or pied-à-terres that are empty for periods of time but which they still use, rather than properties that are vacant 365 days a year. The former are better suited to short-term accommodation, while the latter are probably better for long-term rental.

If some owners revert to long-term rentals, a rebalancing of the supply through this period will help operators and the industry recover quicker.

How did the idea of NHS Homes come about and what was the catalyst to create it?

It came to my attention through a phone call that many NHS workers were worried about the health of their loved ones or the people they were living with. And it struck me that we as an industry were going to have a lot of homes sitting empty for a while. I could see there was an opportunity to do some good.

The last thing owners want is an empty property. A couple of days later we had written to all the owners in our portfolio and it was incredible how many wanted to be involved. As a company, we had the service and mechanism to make that possible, so "NHS workers" replaced "guests".

It was actually really simple but at the same time really exciting. This was something you could only do at scale if you already had the right processes and systems in place to manage it. What's been amazing is how many companies in our sector have chosen to help. Though normally competitors, we have come together for this initiative. Making 2,500 properties across the whole of the UK available to NHS workers for free in a matter of weeks is one of those things that sends shivers down your spine.

Reading NHS workers' stories is even more emotional. We had requests coming in almost immediately from people who had partners going through cancer treatments, who were living with vulnerable or elderly parents or flatmates with asthma or other conditions. They were working long hours and extra shifts, and we were able to help take away the emotional burden of worrying they might put others at risk, so they could focus on their job.

Everyone is benefitting, and the alternative would have been these homes sitting empty over this period. Though owners are not making any money from it, everyone knows it's the right thing to do.

How sustainable is that in terms of owners staying afloat as we move forward?

While the accommodation is free, we do ask for a contribution towards direct costs for cleaning, linens, and utilities, but these are at cost. After all, cleaners have to feed their families too, and we don't want owners to be out-of-pocket after providing the home.

I'm speaking with the NHS and the government about turning this into a sustainable solution. While owners might be willing to do this for two or three months, they will ultimately need an income from these properties. We need to find a commercial solution for workers who have to stay for longer periods, even if the rate is lower than what it would be in a normal world. So we're aiming to get as much government support as possible to make sure the sector is in a strong position to rebound after lockdown ends.

So far, I think the government has done a great job at responding to the crisis. The bigger challenge is what will happen as lockdown eases. We can only take essential bookings at the moment, so what will the timeline for the industry be for re-opening in full? How long before bookings start to re-emerge, or before the sector is back to



business as normal? CBILS doesn't work too well for our industry, so will there be other loans or initiatives?

There have been some announcements but the situation is constantly moving. It's now about closing the gaps where businesses have struggled to access the support available. In the longer term, we need to make sure that support continues while the sector recovers and we are not just heading towards a cliff edge later on.

What can serviced accommodation operators do now to prepare for recovery?

Routes to market will be really important. Operators may want to seek out new types of travellers that they haven't catered for in the past, and that will be more difficult if they have only worked with one or two channels to market. They may need to expand.

UnderTheDoormat has launched Hospiria to help smaller holiday home companies facing that problem. The service operates on a success basis, so they only pay when they get bookings. Other companies offer similar services, and I think this will act as a counterbalance to operating directly through OTAs, who have opted to protect consumers rather than property companies and owners.

Going forward, guests will book through the OTAs because of that protection. It will be important for property companies and owners to work with partner companies who can help them access those channels quickly to get to the forefront of guests' minds. It's going to be a while before we get back to the levels of bookings and occupancy we're all used to.

Tell us more about the STAA and what membership entails.

As an industry body, the STAA aims to enter discussion with the government and put forward the interests and position of the industry while helping members understand what access they have to government support.

We have launched a two-month free membership trial over this period. There's no obligation when people sign up, they can get involved and see what's available. A lot of companies and operators in the sector are feeling a bit isolated and don't really know what to do next, so it's the best time to work with them to help them gain a competitive advantage.

We want the industry to grow in a sustainable way and provide the tools to companies large and small so they can come out the other side of this as successful businesses. The government is doing a lot but as an industry body we must continue fighting to go in the direction we all want.



is going to be able to work off a rate card in this new world.

Business model. Sharing the risk with owners through management agreements is how the holiday homes market has worked traditionally and that's a more flexible model to adapt as the market changes. The master lease model has been put under pressure and many companies will avoid the risk of taking out a lease on a property.

Is it still worthwhile for second home owners to let their properties as short-term accommodation after restrictions are lifted?

Even though we've seen 90% drops in revenue, people are still making bookings for essential travel. As lockdown eases, I think there will be some pent-up demand from people who want to get out and have a little luxury because they haven't been spending money. There's no better way to monetise your most important asset than by letting it out for an income when you're not using it yourself!

Is this the right time? Actually yes, because even if visitors are only starting to book for autumn or Christmas, each booking you get is extra income. Why wouldn't you do that? There are few risks as long as you have the right cleanliness standards, professionalism and partner with the right people. Owners might think they can do it all themselves, but with the emerging importance of professional cleanliness standards, as well as guests' requirements and the ability to reach large audiences, it's essential to work with a company you trust.

I think people will return to staying in serviced homes quicker than hotels because it gives them private space; they won't have to mix with strangers. Our industry is well-placed to give people some self-isolation while still spending time away from the home they've been locked down in for months.

The industry will rebound. It's just a question of time and how to get there. There are some incredible businesses in our industry, and many will come out of this stronger. It's hard to see that when you're in the eye of the storm but in 12 months' time we'll look back to where we are today and see how much has changed - hopefully for the positive.

What do you anticipate with regard to regulations in the future?

I think regulators, other industries and consumers really want to see our industry professionalised. We have two choices - either we can have regulation imposed upon us, or we can be proactive and deliver this professionalism ourselves. With the latter in mind, the STAA has introduced accreditation and partnership with the Quality in Tourism organisation. I mentioned earlier how standards are becoming even more important.

Accreditation is not costly, and it helps business owners understand where their strengths and weaknesses are in comparison to others in the market. It also provides a stamp of approval following inspection by a third party, which increases consumer confidence.

Consumer confidence will be critical as we come out of this. If we as an industry can create that through things like accreditation there will be no need for heavy-handed regulation. We have a unique opportunity to use this next year to focus on standards and professionalism. If we can demonstrate that, we'll be in a much stronger position to avoid regulation.

What would you advise owners and smaller management companies to do to establish good business practice over the next few months and beyond?

There are a few key points:

Standards. You must have the right standards and apply them consistently. Accreditation will show that you believe in that and provide an independent quality mark.

Routes to market. Make sure you have the right channels to market, the right systems to enable you to take instant bookings, and the right pricing strategy. Dynamic pricing is going to be incredibly important. No one

Contact

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underthedoormat.com

