

# Corporate hosts: The rise of professional management in the short-term rental industry

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## ABSTRACT

This paper explores the rise of short-term rental (STR) management companies and reveals the transition from a sharing economy activity to the consolidation of a professional industry hinging on what we call ‘corporate hosts’. By relying on interviews with companies operating in Lisbon and Porto, Portugal, we found: first, that a phenomenon of market concentration occurred in which individual hosts have outsourced the management of their properties to corporate hosts; second, that through the use of digital technology and vertical integration, corporate hosts are able to enhance the profitability of large portfolios of STRs; and, third, that corporate hosts imitate practices from the hotel industry, leading to the formation of a hybrid product in which the lines between hotels and STRs have blurred. We argue that corporate hosts constitute a new layer of intermediation that challenges the way we understand the STR industry and the overall functioning of this market.

## 1. Introduction

‘Book like a hotel. Experience like a local’. This is the slogan of Rent Experience, a short-term rental (STR) management company founded in 2014 in Lisbon, Portugal. The founders of the company started in the sector by renting their own properties on Airbnb and noticed that there was a niche market to offer STR management services to property owners on a professional basis. They first created a small business, but rapidly scaled up and, in three years, they had a portfolio of 180 apartments in the Portuguese capital. To manage STRs on a professional scale, the company invested in digital technology and developed their own software for STR management and commercialization. The expansion of the company continued when, in 2018, they merged with similar firms that were operating at a local level in Italy and the United Kingdom and formed the Altido Group, which now has a portfolio of more than 1300 properties in Europe and a business structure that allows them to franchise to other places. Similarly, ‘Book an apartment, be treated like a hotel guest’, is the slogan of Sweet Inn, founded in 2014 in Jerusalem. On their website, one can read that “Sweet Inn combines the luxurious accommodation and amenities of a 5-star hotel with

beautifully designed apartments, situated in the heart of the most exciting cities in the world”. The company was founded by a Franco-Israeli entrepreneur who started listing his home on Airbnb. Nowadays, it manages a portfolio of more than 1000 properties across 11 countries and 21 cities in Europe and the Middle East. In this case, its transnational expansion was aided by a €20 million venture capital investment in 2017 (Benhaddou, 2017).

This paper explores the rise of STR management companies and, in turn, reveals the transition from a sharing economy activity in which ‘ordinary people’ were renting their homes (Guttentag, 2015) to the consolidation of a professional STR industry dependent on what we call ‘corporate hosts’. These market intermediaries are the product of the convergence of the real estate and hospitality industries. On the one hand, they offer a turnkey service to landlords and real estate investors ensuring that their properties are managed more efficiently and are more profitable. Property owners pay a fee of around 20% depending on the company, and the services range from interior design, professional photography and commercialization in different channels, to operational services such as check-ins, cleaning, property maintenance and guest communication. On the other hand, corporate hosts offer to

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visitors a tailored product in which the lines between hotels and STRs have blurred. They are hospitably professionals who have learned from the practices in the hotel industry. To examine this movement towards professionalization, we focus on the Portuguese market, drawing evidence from the two main urban destinations in the country, Lisbon and Porto. In these areas, and during the years 2013 to 2014, local STR management companies emerged (e.g., Feels like Home, Lovely Stay, City Concierge, Be Guest and Liiiving) and, thereafter, franchised to other places, with transnational corporations, such as Houst, Hostmaker, Sweet Inn and Guest Ready, arriving to the country later. In the case of Guest Ready, they took over local companies to form a global group with over \$1 billion worth of assets under their global management portfolio (Symcox, 2019). By the end of 2019, we identified 42 corporate hosts operating in Lisbon and 21 in Porto that, as we will show, manage approximately 4700 and 2700 properties respectively, which represents almost 45% of the STR market in each city.

Previous studies about the professionalization of the STR market have relied on scraped quantitative data from the Airbnb website, associating multi-listing hosts with 'commercial operators' (Arias-Sans & Quaglieri-Domínguez, 2016; Kadi, Plank, & Seidl, 2019; Wachsmuth & Weisler, 2018), and suggesting that, in recent years, these hosts have been growing and acquiring most of the STR market revenue. In this paper, we apply a qualitative approach to reveal who these actors are and what their role in the professionalization of the market is. The empirical findings disclose three central issues. First, by drawing on platforms and digital technology, corporate hosts have created organizational structures that allow them to manage and enhance the profitability of large portfolios of STRs. They shape, create and capture value from STR activity and, in the process, challenge the way we understand the product in the STR industry and the overall functioning of STR markets. Second, our findings shed light on the contours of the hospitality product that these firms have created. Evidence will be provided that demonstrates that corporate hosts have imitated practices and culture from the hotel industry, leading to the formation of a hybrid STR product that is neither a private apartment nor a hotel, but that may have the benefits of both. Finally, the study shows a phenomenon of market concentration in which individual hosts have progressively outsourced the management of their properties to corporate hosts. To interpret these results, we use insights from both transaction cost and platform economy theories to argue that the professionalization of the sector has consolidated a STR industry that is increasingly moving away from the sharing economy rationale and in which individual hosts will struggle to survive unless they professionalize themselves.

The remainder of this paper is organized as follows. Section 2 presents a conceptual background and core research gaps, with Section 3 elaborating on the research methodology. Section 4 describes the types of hosts that we identified in Lisbon and Porto. Section 5 focuses on the emergence and organizational form of corporate hosts; here we show how vertical integration and digital technology enables them to both operate under high efficiency and quality levels, achieving economies of scale and scope towards obtaining high occupancy rates and profitability. To further explain how corporate hosts structure the market, Section 6 discusses the hospitality services that they offer and the type of product that they have created. Finally, Section 7 concludes and discusses implications for the study and the future of the STR market, including how the business structure of corporate hosts facilitates their survival in the face of exogenous shocks, which is illustrated by the current pandemic situation.

## 2. The professionalization of short-term rentals, vertical integration and the platform economy

Following the emergence of STR digital platforms such as Airbnb, the early literature on the topic framed the development of this market as a sharing economy arguing that amateur and 'ordinary people' would make an extra income by renting spare accommodations to travelers

searching for authentic experiences (Dolnicar, 2019; Dredge & Gyimóthy, 2015; Guttentag, 2015). However, other studies have acknowledged that a large proportion of Airbnb listings seem to be provided by commercial operators as they offer entire apartments rented to tourists permanently, further demonstrating that multi-listing hosts are growing (Arias-Sans & Quaglieri-Domínguez, 2016; Chamusca, Fernandes, Carvalho, & Mendes, 2019; Cocola-Gant & Gago, 2019; Gil & Sequera, 2020; Kadi et al., 2019; Wachsmuth & Weisler, 2018; Yrigoy, 2019). Scholars have shown that the bulk of the revenue is generated through entire homes supplied by multi-listing hosts, and that these commercial operators have higher daily revenues on the properties they manage, reflecting higher occupancy rates and a process in which the market share of STRs provided by amateur individuals is receding (Deboosere, Kerrigan, Wachsmuth, & El-Geneidy, 2019; Dogru, Mody, Suess, Line, & Bonn, 2020; Xie, Heo, & Mao, 2021).

To shed light on this debate, a key element that should be further explored is the supply-side of the STR market, which reveals who the hosts actually are and, in particular, the practices and business models of the commercial operators that support them. When research has explored the supply-side of STRs, it has often identified hosts as homeowners and has investigated the practices and experiences of middle-class individuals hosting on the STR platforms (Alrawadieh & Alrawadieh, 2018; Ladegaard, 2018; Lee, Yang & Koo, 2019; Roelofsen & Minca, 2018; Semi & Tonetta, 2020). In this sense, several authors have emphasized the position of individual hosts as micro-entrepreneurs (Alrawadieh & Alrawadieh, 2018; Zhang, Bufquin, & Lu, 2019).

Against this background, we suggest that the STR market is increasingly led by corporate hosts, that is, professional property managers whose aim is to optimize profits derived from real estate assets while offering a tailored hospitality product. Rather than being a sector driven by 'ordinary people' and 'micro-entrepreneurs', professionalization in reality has created fewer opportunities for amateur hosts to succeed. This was in fact suggested by the former Airbnb chief financial officer Laurence Tosi who declared that STRs are a scale-driven business in which only the largest and most sophisticated players can thrive (Sumers, 2019).

To understand how corporate hosts have scaled up and professionalized the STR market, insights from transaction cost theory and platform real estate approaches provide useful starting points. Transaction cost theory (Williamson, 1971, 1979) posits that vertical integration is likely to occur if the types of transitions between the parties at stake are frequent (i.e., repeated and high volume); uncertain (i.e., non-trivial, open-ended, and subject to contractual risk); and rely on specific assets (i.e., durable and idiosyncratic investments, in relation to a certain transaction, which are required to add value to it). Under these conditions, instead of relying on market-based transactions (e.g., hiring an accountant, a cleaning service or a photographer in the market), vertically integrated companies may reduce costs and operate more efficiently by internalizing these transactions instead of contracting out, or by developing quasi-integration governance modes, in which a lead firm coordinates a stable network of supplier-customer relations (Chassagnon, 2014). This approach is useful to explain the evolution of professional hosting practices in the STR market. The volume of transactions, uncertainty concerns and the need for specialized assets (e.g., a professional service bundle for STR hosts) were relatively low for individual hosts in the early days of the STR market (Guttentag, 2015). However, these features have changed radically as the STR market massified and competitiveness started to rely on quality, certainty and with the infrastructure and services provided to them becoming increasingly more specific (e.g., dealing with STR regulation, taxation, professional concierge, bundles of destination services, data analysis, pricing, etc.). Under these conditions, vertical integration was needed if hosts wanted to scale up, manage large STR portfolios and offer a high-quality product. In fact, in order to deal with growth strategies and quality provision, vertical integration has been the primary organizational form of the main hotel chains for decades (Cunill, 2006). In the STR market, transaction cost theory has recently been applied by Akbar and Tracogna

(2018) to suggest that digital platforms, such as Airbnb, would also need to consider vertical integration strategies. However, as will be shown, the solution to these governance transaction issues has been developing through vertical integration efforts at the level of property management as well, thus leading to the emergence of corporate hosts.

The use of platforms – both as digital technology and enablers of new business organization forms – are not unique to major STR intermediaries like Airbnb, but may also allow corporate hosts to efficiently manage local STR portfolios. In this regard, a number of studies suggest that there is a need to broaden the discussion on STR digital intermediation from a sharing economy perspective to the realm of platform capitalism (Grabher & van Tuijl, 2020; Langley & Leyshon, 2017; Srnicek, 2017) and, in particular, to platform real estate (Fields & Rogers, 2019; Shaw, 2018). Platform real estate refers to how both digital innovation and platform business models make investments in real estate, as well as the management and commercialization of real estate portfolios, to become more efficient and profitable. The platform business model relies on flows of data collection that have been described as the new ‘raw material’ (Srnicek, 2017) that allows the gathering of market-related information at an unprecedented scale. In this data-driven market, real estate technology companies have surged around the globe, usually backed by venture capital in search of investment opportunities after the 2008 financial crisis (Fields & Rogers, 2019; Langley & Leyshon, 2017; Shaw, 2018). Tosi — the former Airbnb chief financial officer who was also chief financial officer at the real estate investment fund Blackstone Group – stated that STRs are “a real estate business sitting next to a technology business, and you have to be good at both” (Sumers, 2019). It can be argued, therefore, that corporate hosts are examples of real estate technology companies which apply digital innovation to automate operations and optimize profits for STR property owners. In fact, what will be demonstrated is that vertically integrated corporate hosts have invested substantially in software for the management and commercialization of STRs thus allowing them to manage large portfolios of STRs and maximize revenue from these assets.

In sum, a plausible argument is that the rise of vertically integrated and technology-driven corporate hosts started to play a key role in shaping the development of the STR industry. This phenomenon may have two important implications for the future of this market. The first one refers to the meaning of hosting on STR digital platforms and the potentialities that individual hosts may have to “compete” against corporate counterparts. This was also emphasized by Tosi who stated that STRs are technology-driven businesses that are “not replicable by single-owner landlords” (Sumers, 2019). At the level of the service provided, corporate hosts are able to commercialize and manage large portfolios of renovated and well-designed STRs, and, in such a context, Katsinas (2021) found that individual hosts in Thessaloniki, Greece, see professional hosts as a major problem as these agencies offer a product that individual hosts are not able to replicate. This line of reasoning is also followed by Bosma (2021), who suggests that increased professionalization in the STR market deepens inequalities between different types of hosts. Due to economies of scale, our argument is that individual hosts will need to either dedicate full-time to the business and offer a professional product or, otherwise, outsource management to corporate hosts.

The second implication is how the mediating role of STR digital platforms, such as Airbnb, are interpreted. Both research on platform capitalism (Shaw, 2018; Srnicek, 2017) and on disruptive innovation theory (Guttentag, 2015) interpret Airbnb as the key platform organizing the STR market, which has largely expanded its intermediary role by connecting the two sides of the market, namely hosts and guests (Schor, 2020). While we acknowledge the foundational and current importance of Airbnb, the rise of corporate hosts may herald the consolidation of a new layer of intermediation and platform-driven governance connecting a myriad of STR market actors: including property owners; real estate consultancy companies; investors, as well as guests; and innumerable hospitality service providers. Airbnb has facilitated this professionalization, motivated by an effort to turn the

platform into a major profit-driven channel. They have, for example, done this by incorporating tools for professional operators (Bosma, 2021). However, a likely implication is that the development of STR markets is not only powered by platforms like Airbnb, but by the platforms of the corporate hosts themselves. These new corporate intermediaries, it will be argued, may be seen as the real engine behind the STR industry as they structure the market to a large extent, boosting its impact and the overall competitiveness of the STR segment vis-à-vis traditional hotels.

### 3. Research setting and methodology

To explore the aforementioned arguments, we studied the incidence, the activities and the involvement of corporate hosts in the STR market in Portugal. In 2019, and for the third year in a row, Portugal was appointed as the World’s Leading Destination at the World Travel Awards. At the ceremony, the Portuguese capital, Lisbon, received the World’s Leading City Break Destination Award, while Porto, the second biggest city in the country, was part of the 21 nominees. This international recognition is to a degree the result of political efforts to put Portugal on the map of global tourism as a solution sought after the 2008 financial crisis (Barata-Salgueiro, Mendes, & Guimarães, 2017). Although for the Portuguese government the transition towards a post-industrial economy that increasingly focused on tourism was a strategy that had been implemented since the 1990s, it has only been in the last decade that tourism has grown exponentially. The number of guests registered in tourism accommodation establishments doubled across the country between 2012 and 2019, from 13.8 million to 27.2 million (Turismo de Portugal, 2019), the latter number representing almost three times the country’s population of ten million. The geography of this growth has been increasingly urban (Chamusca et al., 2019; Cocola-Gant & Gago, 2019; Encalada, Ferreira, & Rocha, 2021; Marques Pereira, 2020; Tulumello & Allegretti, 2020) and, in 2019, the Lisbon and Porto metropolitan areas received 8.2 million and 4 million guests respectively. The first STR properties listed on Airbnb in both Lisbon and Porto were registered in 2009 (Rio Fernandes, Chamusca, Mendes, & Carvalho, 2019), and, according to the consultancy Moody’s (Haviland, 2019), Portugal has been among the fastest-growing markets for STRs in Europe, so much so, that Lisbon is currently the European city with the highest ratio of homes listed on Airbnb per 1000 inhabitants.

It is in this context of fast growth and the large market of STRs where corporate hosts emerged in Portugal. Some STR management companies had already started to operate in 2012, but it was in 2014 that the STR industry started to rapidly increase. Given the lack of studies about corporate hosts, the research took an inductive approach, seeking to unveil the formation process of corporate hosts, while understanding the ways through which they influence STR markets. We used a mixed-method approach but, given the research problems, the study was primarily qualitative, seeking to characterize the phenomena at hand and derive new insights and propositions. The qualitative fieldwork was conducted in two phases between 2019 and early 2020. First, using the internet, we undertook desk-based research aimed at mapping the STR agencies operating in Lisbon and Porto as well as gaining an understanding of their relationship with different players and processes in the STR industry. We identified 42 agencies working in Lisbon and 21 in Porto. The analysis of their websites was important to gather information about both what they do and the property portfolio that they manage. Thereafter, we mapped industry organizations in the European and global market and analyzed their websites. Several of these organizations (for instance Short Stay Show; Vacation Rental Word Summit, European Holiday Home Association, and Vacation Rental Management Association) have opinion blogs and interviews with industry experts that provided key insights about how the market was evolving.

In the second phase, we carried out 19 in-depth interviews with STR management companies operating in Lisbon and Porto (Table 1). The agencies were first contacted via email and we obtained a response rate

Table 1

STR management companies interviewed for the research (portfolio data as of January 2020). Source: own elaboration.

	Company	Participant	Portfolio	Additional information	
Transnational	Guest Ready - Porto branch	- Finance Manager - Background: founder of Porto City Flats (see additional comments on the right)	- 100 properties in Porto - 2500 properties globally	In 2016, GuestReady launched in six cities (London, Paris, Amsterdam, Singapore, Kuala Lumpur and Hong Kong). In 2018 the company closed a €5 million funding round and franchised to 15 other cities in 6 countries. In Porto they absorbed a local company that had been operating since 2014 (Porto City Flats). In March 2021 they absorbed Porto Concierge (see below) and became the company with the largest portfolio in Portugal.	
	Houst - Lisbon branch	- Client Success Executive - Background: the participant had previous experience in the hospitality industry	- 50 properties in Lisbon - 4000 properties globally	Founded in London in 2014. Operational in Lisbon since 2015. The company operates in 11 countries. Houst has recently absorbed Hostmaker (see below).	
	Hostmaker - Lisbon branch	- Senior Operations Coordinator - Background: the participant had previous experience in the hospitality industry	- 250 properties in Lisbon - More than 1500 properties globally	Founded in London in 2014. The company franchised to 9 cities in 6 countries; it arrived in Lisbon in 2018. The company had financial problems prior to the Covid-19 pandemic and in March 2020 it was absorbed by Houst, which paid €1.2 million to acquire Hostmaker's operations (see: <a href="https://skift.com/2020/03/02/hostmaker-collapse-prompts-further-consolidation-in-europes-short-term-rental-market/">https://skift.com/2020/03/02/hostmaker-collapse-prompts-further-consolidation-in-europes-short-term-rental-market/</a> )	
	Rent Experience - Altido Group Lisbon branch	- Marketing Director - Background: the participant started as an individual host and scaled up	- 250 properties in Lisbon - 1300 properties in 4 European countries	In 2018, Rent Experience merged with firms that were operating at a local level in Italy and the United Kingdom and, thereafter, formed the Altido Group.	
	Sweet Inn - Lisbon branch	- General Manager - Background: the participant had previous experience in the hospitality industry	- 90 properties in Lisbon - 1000 properties globally	Founded in Jerusalem in 2014. It arrived in Lisbon in 2015. They have franchised to 15 cities across Europe.	
	National	The Lisbon Concierge	- Founder and CEO - Background: the participant started as an individual host and scaled up	- 78 properties in Lisbon - Total portfolio of almost 1000 properties in 4 cities and the island of Azores - 700 properties in Porto	Founded in Lisbon in 2014. It is part of the Portuguese group City Concierge. The group started in Porto and Lisbon and then franchised to 3 other Portuguese locations (Albufeira, Azores, and Aveiro). Operational since 2014. It was the first company that opened in Porto. It is part of the Portuguese group City Concierge (see above Lisbon Concierge).
		The Porto Concierge	- Founder and CEO - Background: the participant started as an individual host and scaled up	- 280 properties in Lisbon - 500 properties in Portugal	Founded in Lisbon 2012. The company has franchised to several places in Portugal (the Algarve region, Madeira Island, and Porto). The company has opened hotels in Lisbon and Porto.
		Feels Like Home - Lisbon branch	- Managing Director - Background: the participant started as an individual host and scaled up	- 80 properties in Porto - 500 properties in Portugal	Founded in Lisbon 2012 (see above). They have opened two hotels in Porto.
		Feels Like Home - Porto branch	- General Manager - Background: the participant had previous experience in the hospitality industry	- 150 properties in Lisbon - 350 properties in Portugal	Founded in Lisbon in 2014. They have franchised to 10 other Portuguese cities. They also own OptylonKrea (see below).
		Lovely Stay - Lisbon branch	- Head of Hospitality - Background: the participant was the manager of three hotels	- 90 properties in Porto - 350 properties in Portugal	Founded in Lisbon in 2014. They have franchised to 10 other Portuguese cities. They also own OptylonKrea (see below).
Lovely Stay - Porto branch		- Regional Sales Manager	- See Lovely Stay	Optylon Krea is a real estate developer with a focus on the STR industry. They are part of the Lovely Stay Group. Their clients are mainly foreign investors who buy properties in Portugal. The properties are then managed by Lovely Stay.	
OptylonKrea - Lisbon branch		- Founder and CEO - Background: finance and real estate consultant	- 152 properties in Porto	Founded in Porto in 2015. The company has franchised to the Algarve and to 6 other cities in Portugal.	
Liiiving - Porto branch		- Co-founder and CEO	- 22 properties in Porto - 260 properties in Portugal, of which 190 are in Lisbon	Founded in Lisbon in 2017. Operational in Porto since 2019.	
Homing - Porto branch		- General Manager	- 65 properties in Lisbon	Founded in Lisbon in 2014.	
Local		Casas d'Almedina	- Founder and CEO - Background: the participant started managing properties for friends and scaled up	- 70 properties in Lisbon	Founded in Lisbon in 2014 by a group of entrepreneurs from France and Luxemburg.
	Lisbonne Collection Be Guest	- Founder and CEO - Background: real estate consultant - Founder and CEO - Background: the participant had a cleaning company and experienced a big demand for services in the STR industry. They decided to restructure into a STR management company	- 80 properties in Lisbon	Founded in Lisbon in 2014.	
	City Hosts	- Managing director - Background: the participant started as an individual host and scaled up	- 90 properties in Porto	Founded in Porto in 2016.	
	HomeMe	- Founder and CEO - Background: the participant started as an individual host and scaled up	- 40 properties in Porto	Founded in Porto in 2017.	



of 25%. With the aim of recruiting further participants, we visited the offices of some STR management agencies and provided an information letter about the project. Finally, in October 2019 we attended the Lisbon real estate fair where discussions about the STR industry were taking place. The event was an opportunity to conduct informal interviews and recruit further participants. The in-depth interviews were conducted in-person at the agencies' offices and we were able to meet company founders, CEOs and high-level staff. The data gathered in the first phase was used to create a list of topics for the interviews. Interviewees focused on the origin of the company; the services that they provide for both guests and property owners; the portfolio that they manage; the reason for property owners to outsource management; the way they use digital technology for STR management; their view about guests' expectations; and, overall, their experience with the STR industry (see Appendix 1). Interviews were carried out in a semi-structured manner, allowing the interviewees to guide the content of the conversation in order to gain a broader scope of the topic at hand. We decided to conclude this phase when the research attained saturation and new interviews were not providing additional insight. Three types of companies were identified according to the scale of their operations (Table 1). "Transnational" companies are those operating in different countries and have expanded backed by venture capital. These include foreign companies that opened branches in Portugal—sometimes by absorbing local companies—and Portuguese companies that merged with others and formed transnational groups. "National" companies are Portuguese agencies that render services in different cities within the country. "Local" companies are those which only operate either in Lisbon or Porto. Despite differences in scale, all companies offer similar services to both guests and property owners. Almost all the companies that we interviewed emerged in 2014.

Furthermore, we conducted three additional interviews with international real estate consultancy companies (CBRE, JLL and Cushman & Wakefield). These companies have research departments which are interested in the STR market and which have an in-depth understanding of how tourism was transforming the residential market in Portugal—for example, JLL partners with STR management companies and connects them with foreign investors who want to invest in the STR market (see Appendix 1). Finally, to estimate the size of the local market in the hands of corporate hosts, we relied on Airbnb data scraped from Inside Airbnb ([www.insideairbnb.com](http://www.insideairbnb.com)) in March 2020. In the next section we explain the limitations of this data and how we analyzed it. The portfolio that corporate hosts manage is usually described on their websites and, accordingly, we converged the Airbnb data with this latter information.

#### 4. Type of hosts and the size of local markets

##### 4.1. Hosts

During the interviews, and through asking about the size of the commercial STR market (i.e., entire homes that are listed and offered on a permanent basis), our participants clarified three types of hosts: (i) individual single-listing hosts; (ii) individual multi-listing hosts; and (iii) corporate hosts. The first group are property owners who manage their own property (e.g., a second home) or a family asset. The second category refers to individuals that started as non-professional hosts but decided to manage STRs as their main profession. They usually grew by assuming the management of properties within their social network, or by investing in a second or third property, or a combination of the two. This type of host has been studied in more detail by other authors (Bosma, 2021; Semi & Tonetta, 2020). They are individuals that undertake all the tasks required to manage STRs and who may outsource some activities, especially cleaning and laundry. Our interviewees stated that managing more than 5–6 properties in this way is increasingly difficult for this type of host because the capacity to manage a bigger portfolio of STRs is limited unless they decide to create a company and become a corporate host. This leads us to the third category, which is the

focus of this paper, corporate hosts. Almost all corporate hosts interviewed started as non-professional hosts and decided to scale up.

Corporate hosts manage properties for two types of owners. First, investors and landlords that are attracted to the STR market due to the profitability that corporate hosting can offer. Second, individuals that were already in the STR market and want to outsource the management of their properties to corporate hosts. This second category refers particularly to individual hosts who manage 1–2 properties. However, participants stated that professional hosts who manage a few properties on an individual basis find it increasingly difficult to do everything themselves, forcing them leave the market and to give the properties to corporate hosts. In other words, as the STR market grew, we found that there is a clear regularity in the passage of property management from individual hosts to corporate hosts. For instance, commenting on this issue, the representative of Hostmaker in Lisbon stated that this passage explains why, despite being in the city for only 18 months, they already have a portfolio of 250 properties. In relation to this, the CEO of Lisbon Concierge stated:

"There are people who from three apartments went to six, to eight, and suddenly they lost control. They may hire a friend if they need help, but if you do not set up a company the management of all these apartments easily becomes a problem. If these people want to stay in the market, they either need to become small businesses, or reduce the number of apartments, or end up passing them on to companies like ours".

##### 4.2. Market potential

Before analyzing in detail what corporate hosts actually do and further explaining this management outsourcing, it is useful to have a picture of their potential market share. In previous studies, relying on data scraped from the Airbnb website, researchers have taken into consideration three variables to estimate the degree to which listings are supplied by commercial operators (Arias-Sans & Quaglieri-Dominguez; 2016; Gil & Sequera, 2020 ; Kadi et al., 2019 ; Wachsmuth & Weisler, 2018). The first variable considers entire home listings and discards single rooms; the second one is the availability of entire home listings – it is assumed that a property that is only occasionally available is not a commercial listing; the final variable is the host size, depending on the number of listings supplied by the same host. Taking the three variables together, previous studies have shown that the supply of entire homes year-round, and operated by multi-listing hosts, has significantly grown over recent years (Gil & Sequera, 2020; Kadi et al., 2019; Wachsmuth & Weisler, 2018). In this regard, studies have usually assumed that single-listing hosts are likely to be small, non-professional landlords. This is actually the argument of Airbnb which has stressed that the main type of host is single-listing and has used this to legitimize the idea that the lion's share of the market remains in the amateur realm of the sharing economy (Oskam, 2019).

Our findings, however, suggest that these types of studies face a methodological challenge. Each host has an identification number (ID) on the STR platform (Airbnb) and data shows how many properties are supplied by the same ID. However, it is not always the case that corporate hosts have an ID on Airbnb. In our research, we found that several corporate hosts do not have an ID and, consequently, the portfolio that they manage may appear as belonging to single-listing hosts. The host's ID may belong to the property owner, and this ID does not change in the case where the owner gives the management of the property to an agency. This is, for instance, the situation for the case of Hostmaker in Lisbon, whose portfolio of 250 properties appear as belonging to single-listing hosts or to individuals who manage a few properties. An astonishing example is the case of Porto Concierge, the first agency created in Porto, which manages more than 700 properties on Airbnb without having a host ID. This means that data scraped from Airbnb does not capture whether an individual host has given the management of their property to a corporate host or not. In other words,

the degree of professionalization is higher than what the data from Airbnb suggests.

In our research, data scraped from Inside Airbnb in March 2020 indicates that the number of entire homes listed on Airbnb and available for more than 60 days per year are 11,208 in Lisbon and 6168 in Porto. When compared to the total number of listings, these figures represent 84.87% and 88.79% respectively, indicating a high degree of professional commercialization, as displayed in Fig. 1.

Fig. 2, on the other hand, shows how these properties are categorized according to host size. The grey column indicates the number of listings identified by the host ID on Airbnb. However, as this does not capture whether a host has given management of the property over to a company or not, the dark column is our estimation of the actual supply. In relation to the three categories of hosts that we previously identified, we may assume that: hosts with one listing are individual property owners; multi listing-hosts who manage 2–5 properties or 6–10 properties are professional individuals; and, finally, hosts with more than 10 properties are corporate hosts. According to Inside Airbnb data, corporate hosts control 27.5% of the market in Lisbon (3086 listings) and 22.1% in Porto (1364 listings). Our findings, however, show that corporate hosts without an ID on Airbnb additionally manage 1632 properties in Lisbon and 1371 in Porto, meaning that they supply 42.1% of the market in Lisbon (4719 properties) and 44.6% of the market in Porto (2749 properties). Our findings reveal an increase of 14.6% of corporate-host-managed properties in Lisbon, and an increase of 22.5% in Porto. As a substantial number of individual hosts have outsourced the management of their properties, we relied on our interviews to correctly gauge the composition of these additional properties managed by corporate hosts since ID-based scraping failed to produce a realistic figure. Utilizing the categories in Fig. 2, we estimate that 50% belonged to single-listing hosts; 40% to 2–5 listing hosts; and 10% to 6–10 listing hosts before they were handed over for corporate host management. The data shows a phenomena of market concentration in which corporate hosts are the main suppliers and in which single-listing hosts do not represent the bulk of listed properties, as suggested by Airbnb (see for instance Yates, 2021). In addition, it is interesting to see that individual hosts managing 2–10 properties on a professional basis are important actors in both cities.

##### 5. Managing short-term rentals: Scale, verticalization and digital technology

“Many property owners were trying to do it themselves when they

had time. But the market is now much more competitive, and I think owners started to realize that it’s worth paying the commission to us and getting the professional management in. Because, to be successful in this business, it’s not only about putting an ad on Airbnb or Booking.com, you have a lot of things that you must do on the back [of it]”. (Interviewee from Lovely Stay, Lisbon).

All companies interviewed offer a turnkey service to the property owner, in which they “give us the key of the house and from there on we do everything that is needed”, as explained by one participant. In the management of STRs, this ‘everything’ includes four stages. The first one is the preparation of the property, that is, interior design and fitting it with modern furniture. The second one is commercialization, which includes professional photography and reservation management, involving price optimization and listing the properties on different digital platforms. The third stage is the interaction with the guest and other related operational services, such as check-ins, cleaning, laundry, property maintenance, guest communication, and 24-h customer service. The final stage is financial, which involves invoicing and taxation.

We will explore in more detail how all these activities take place. For now, our aim is to stress that the passage from individual to corporate hosts is inherently a matter of reaping economies of scale and verticalization, namely in order to deal with the increasing frequency of transactions; to reduce uncertainty; and to optimize the need to invest in specific assets pertaining to STR service provision (Akbar & Tracogna, 2018). In order to undertake these four stages, individual hosts started by outsourcing services such as cleaning, laundry and property maintenance. However, as a participant explains, “for the management of STRs you need staff available 24 hours per day. It is risky to rely on third parties (...) If you do not have a professional structure, it can become very complicated”. He continues stating that, “I structured our company vertically. We provide support in all areas that a host needs and everything is organized in different departments, from the cleaning team to the financial team, including a department that takes care of the properties, [and] another that takes care of the guests, 24-hour customer service, interior design, a reservation center, marketing and commercialization, etc.”. Regarding both Lisbon and Porto, this company manages a total of 240 apartments and, in 2018, they were in charge of 13,000 check-ins and 38,000 guests. The companies that we interviewed have a permanent number of staff between 20 and 60 people, and, additionally, this transition from an individual host to vertical service integration has been described by all of them. For the case of corporate landlords in the United States, Fields (2019) notes that vertical

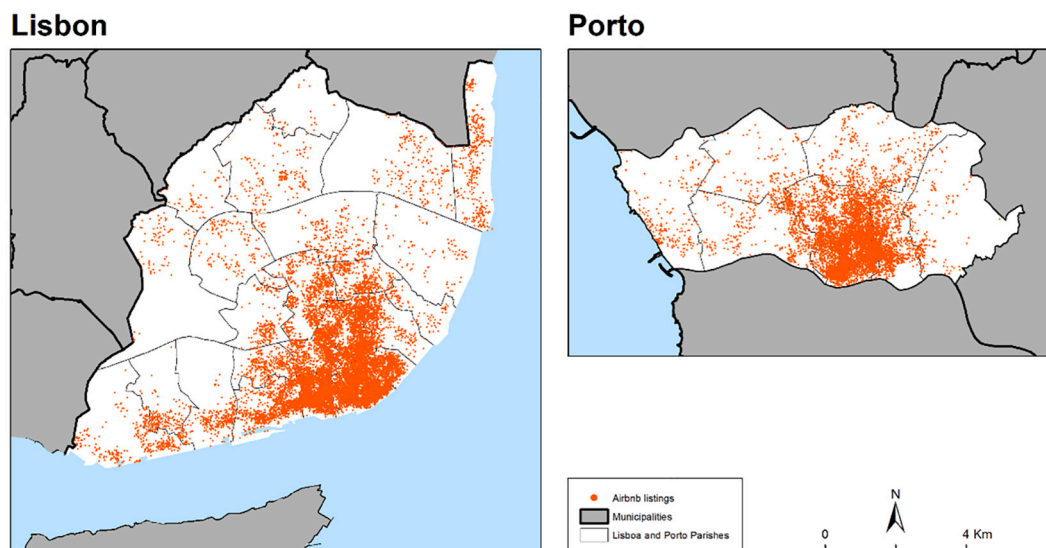
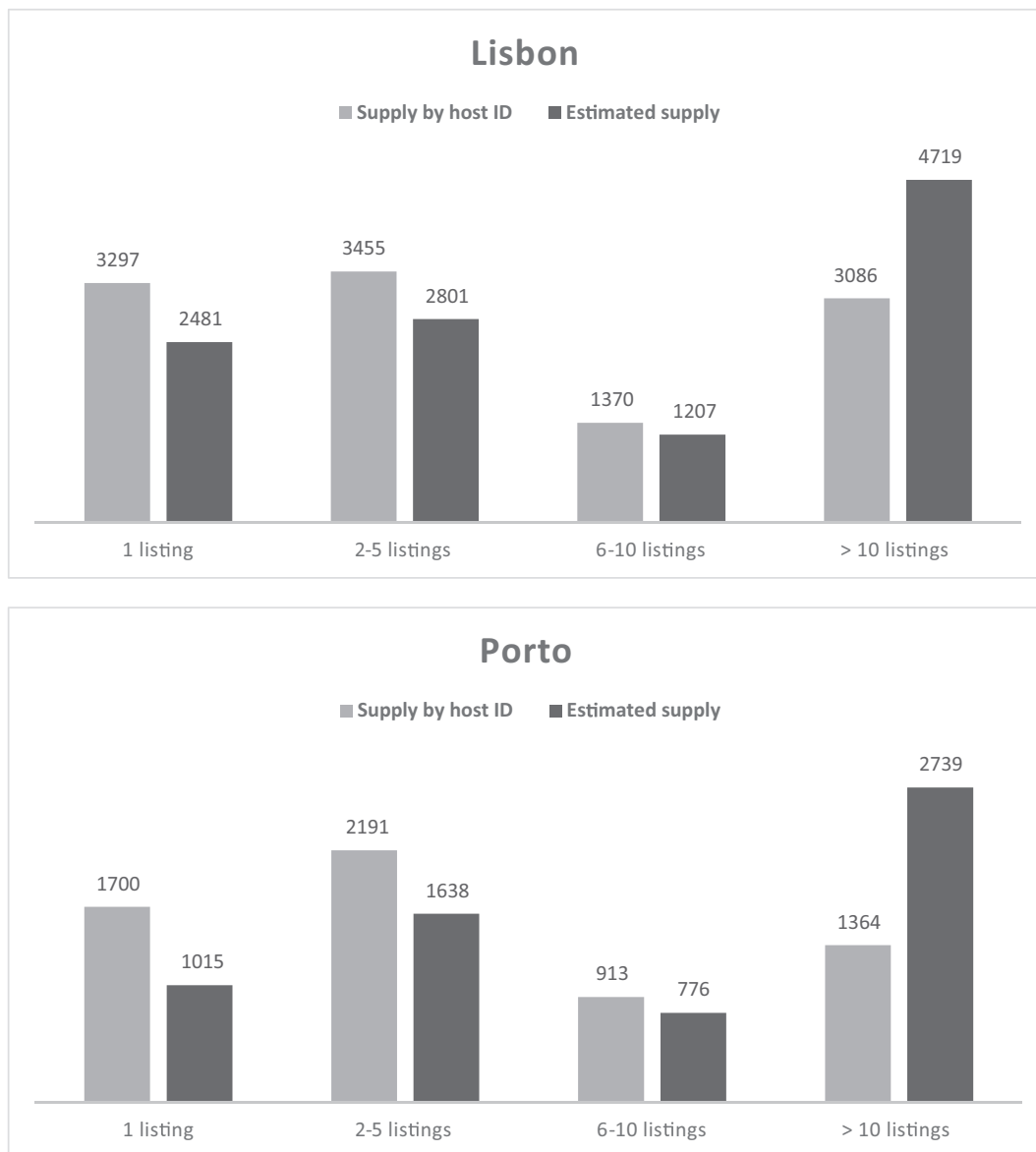


Fig. 1. Entire homes listed on Airbnb in Lisbon and Porto and available for more than 60 days per year. March 2020. Source: own elaboration using data from Inside Airbnb.



**Fig. 2.** Airbnb listings and estimated actual supply according to host size in Lisbon and Porto. March 2020. Source: own elaboration using data from Inside Airbnb, interviews and corporate hosts' websites.

integration has been a key organizational form to manage a large portfolio of properties and to be more profitable. She further mentions how firms have assumed an industrial conception of control in which they see their businesses as a manufacturing line operating on an internalized value chain. This 'industrial' conception has been highlighted by our participants as well. Commenting on the different departments of the company, the founder of Feels Like Home stated:

"This is a logistics business. What do I mean by this? We sell nights. This is a business where everything is connected, this is a factory type, nothing can go wrong [business], because at the end of the chain, who will suffer? The guest, and it will leave bad 'reviews' ... All these interweaved processes have to be like a machine, always on".

In practical terms, vertical integration allows corporate hosts to have an efficient operation scale, but it also gives them the opportunity to provide a high-quality product and to be increasingly competitive, particularly in relation to individual hosts. The founder of Lisbon Concierge, referring to the increasing specificity of the assets involved, commented that STR management requires "a whole set of steps that for an individual is not impossible to do, but they will do it with much less success than a company like ours. Because we have access to teams and

resources and systems that they do not have". For instance, corporate hosts have staff available 24 h per day, and this allows them to solve unexpected issues and provide good customer service. Several participants explained that guests' flights may be delayed and consequently arrive at the property at 3 am and they then wonder how a non-professional host with a daytime job can deal with it. Another example is that due to the high frequency and turnover of visitors, the wear and tear of the property requires constant maintenance. Commenting on this, the participant from Hostmaker explains: "The cleaning staff see that something is damaged. In that case, they take a picture, upload it to our management platform and our maintenance team go to the property and fix it straight away. And when customers arrive everything is ok". Due to this organizational structure, he added:

"For us, unexpected issues are easy to solve. For a person, an individual, who deals with this, it is complicated (...). In the end the guest has more security with us. I think that after all, hosts end up convincing themselves and give the apartment to us".

It seems clear that vertical integration enables property management with economies of scale and also allows corporate hosts to provide a professional and quality service in the face of uncertainty and the

heightened frequency of rentals. However, this is further aided by the use and investment in digital technology. All corporate hosts that we interviewed stressed that a key infrastructure that enables the business is a dedicated software for the management and marketing of STRs. Indeed, some companies have developed their own platform enterprise management systems that allow them to sell the software and franchise to other places. This software collects and analyses data on a daily basis, consolidating a data-driven rental market and the incorporation of STRs to the realm of platform real estate (Fields, 2019; Fields & Rogers, 2019; Shaw, 2018; Srnicek, 2017). The interviewee from Lovely Stay Porto explained:

“The founders of the company thought the market was organized in an unprofessional manner, very amateurish. To optimize the management, the company opted for technology. We basically are a technology company applied to STRs. Our biggest department is IT”.

This new whole digital infrastructure that has been developed by corporate hosts – which has simultaneously become a fundamental and specific asset – comprise of three major elements: STR management platforms, channel managers, and market analysis algorithms. The first one is the use of STR management software that integrates and makes operations more efficient in terms of time and human resources needed, allowing corporate hosts to manage large portfolios and optimize operations and revenues. In this sense, digital technology integrates the supply chain of vertically structured corporate hosts into a single tool. As shown by Fields (2019) for the case of single-family rental housing, through this method, corporate hosts are able to manage spatially dispersed STRs at scale. The software integrates all information about a property, automates core functions, centralizes the different tasks of the ‘factory’ line, and commands workflows: be it check-ins, cleaning, property repairs, marketing, guest communication, or financial operations. Furthermore, property owners have access to the platform and are able to live-monitor their business: “We provide transparent tools so that the owner can track their revenue in real time like in your bank account (...), whether they are in Brazil or in Hong Kong, they can check 24/7 their performance”. By using the platform, property owners can also indicate if they want to use the property for themselves as well. These functions have facilitated foreign investors to opt for flowing their capital into the STR market (Cocola-Gant & Gago, 2019; Montezuma & McGarrigle, 2019).

The second element is the use of channel managers to commercialize the properties on different STR digital platforms simultaneously. This technology has been used by the hotel industry in the last decades to offer rooms with multiple Online Travel Agencies (Giannoni, Brunstein, Guénio, & Jouve, 2021). Channel managers synchronize bookings across all platforms, thus reducing the need of human resources and increasing the occupancy rate of each property. Participants agree that the main three platforms in which they list the properties are Airbnb, Booking.com and VRBO. However, some corporate hosts who were interviewed tend to market their properties on more than twenty different platforms. Furthermore, through the use of channel managers, corporate hosts are able to adjust their supply to existing demand and move to other forms of rental during times when those forms are more profitable. For example, a recurring strategy of some corporate hosts in Portugal has been to rent to tourists during the summer season and list the properties on platforms that focus on the international student market during the academic year, such as Uniplaces. Interestingly, in the context of the Covid-19 pandemic, corporate hosts are using their channel managers to advertise properties on platforms that were, in theory, for long-term rental: for example, Houst included this aspect on its channel manager platforms by including long-term rental websites such as Idealista in Portugal and Rightmove in the United Kingdom. In sum, corporate hosts use this technology to maximize the occupancy rate and increase profitability.

The third element is market analysis software. This is mainly used to undertake price management strategies and consumer behavior analyses. We will refer to the latter in the next section. In relation to price

management, and to guarantee high occupancy rates, corporate hosts constantly monitor the market and offer competitive prices accordingly. As one participant stated, “We optimize profitability through an algorithm that automates prices daily. (...) Sometimes we change the price twice a day depending on what our competitors do”. In this data-driven market, the main source of data that corporate hosts use is the performance of their portfolio. However, to monitor the market and competitors, some companies with IT departments scrape several STR platforms daily and, based on this data, they adjust prices dependent on the evaluation of the software which assesses different variables such as typology of the property, location and expected demand. This dynamic pricing strategy further allows corporate hosts to optimize revenues.

In sum, vertical integration and digital technology allow corporate hosts to manage STRs at scale and to optimize occupancy rates and profitability for the property owner in a way that individual hosts cannot. According to our participants, corporate hosts guarantee an annual occupancy rate of between 80% and 90% (pre-pandemic). Commenting on this, the manager of Be Guest added:

“It is very difficult for an individual to reach that level. And therefore, hosts may receive more benefits if they give the property to a company like ours even though they have to pay a 20% commission fee”.

To better understand the professionalization of the market, it is important to explore how the organizational structure of these companies allows them to offer high-quality standards, giving way to a new product in the hospitality industry. An issue that is examined in the following section.

## 6. Hotel-style holiday rentals: The rise of a new hybrid product in the hospitality industry

Within the organizational structure of corporate hosts, a key department is hospitality. These departments deal with the product offered and the relationship with the guest. They are usually led by professionals who have work experience in the hotel industry. In relation to this, the head of hospitality of Lovely Stay Lisbon stated that “companies like ours have been seeking human resources from the hospitality industry in order to improve and professionalize the short-term rental sector”. And, commenting on this process, another interviewee stated:

“My ultimate goal was to professionalize the business, because, in Airbnb, a big part of the market was people managing it, you know, unprofessional people, so we thought there was an opportunity here. Managing an apartment, managing a portfolio of apartments, cannot be done by someone who is not professional. You have to understand that the hotel industry has been there for centuries, the hospitality industry is a real job, very competitive, where you have to offer a good product. You need people who know the rules”.

This section illustrates how the rise of corporate hosts has given way to a new hybrid product in the hospitality industry which combines the benefits and a sort of “local authenticity” that guests find in holiday apartments with the quality standards and services that hotels provide. Commenting on this transition between a sharing economy model to the current professional market, the manager of Lisbon Concierge stated:

“Many years ago, you rented an Airbnb and the host could say ‘I can only give you the keys when I finish my job because I am a normal person’. And the house had the host’s stuff because it was a real house. So, it was their towels, with their shower gel, with their family pictures, etc. And if I needed a service, for example, ‘I need a shuttle to the airport, can you help me?’, the answer was always ‘No. I don’t know, I’m just a normal person renting an Airbnb’. Guests today don’t accept that anymore. The guest increasingly seeks a much more professional service (...). Guests want hotel quality”.

The promise of hotel quality is at the heart of what corporate hosts do. In the process of “making the apartments as similar as possible to a hotel service”, as the participant from Hostmaker put it, we should consider both the quality of the apartments and the wide range of



services that these companies provide. Regarding the apartments, all companies have an interior design team and a detailed guide for property owners with all the amenities that they need to provide, and this has led to a standardization process in which apartments have become increasingly similar to hotel rooms. The manager of Feels Like Home Lisbon stated:

“The apartments are authentic hotels. Rather than being a hotel that is vertical, this is a horizontal hotel, spread out in Lisbon. These houses are hotel rooms, they have been renovated for that purpose”.

The way corporate hosts offer a hotel-like product can be further related to the services that they provide. These services include breakfast and airport transfers, that are usually provided by third parties, as well as daily cleaning, luggage storage, daily towel change, laundry, and the refilling of toiletries, among others. In the provision of hotel-like customer service, Hostmaker admits that the only thing that is “impossible to achieve is having a reception downstairs from the apartment. But we try to make it as close as possible: we have a welcome center where guests can leave their luggage and we have a person available all day in case they need anything”. In fact, several companies use their headquarters in central Lisbon and Porto as welcome centers that function as hotel receptions. They are customer center points, typically located within walking distance of the apartments, that usually open from early in the morning to midnight. Additionally, 24/7 customer service is offered by all companies which seems to be key in a market where guests are increasingly demanding. In this regard, several corporate hosts have developed phone apps or provide tablets in the apartments to reduce contact with the guest and to streamline operations, as demonstrated by the interviewee from Sweet Inn who said:

“By using the application, guests can do the check-in and open the apartment door; they have 24/7 customer service; we can book for them whatever they need, being a taxi, a restaurant or a city-tour. (...) Large families sometimes want people to carry their suitcases. By using the application, they can book all add-on services that we offer. As guests have the experience of staying in hotels, they end up associating this type of accommodation with a service offered in hotels, and they require more and more things”.

This quote reveals two important things. First, amenities such as breakfast, daily cleaning and airport transfers are services that guests can purchase as add-ons after booking the apartment. By offering supplementary services, corporate hosts can increase the profitability of every booking. With the rise of STR management companies, competition to increase the number of apartments that they manage is high and, in turn, they create add-on services to ensure that they can increase revenues. Furthermore, if corporate hosts can guarantee supplementary revenues, this further allows them to reduce prices per booking and become even more competitive. The second question relates to guest expectations and their increasing demand for higher quality and excellent customer service. For several participants, such expectations directly result because of the professionalization of the sector. Participants emphasized how the competition among corporate hosts to provide high quality services and unique experiences has molded customers' demands:

“From the moment customers started to realize that they can book an apartment, but the apartment has Nespresso coffee capsules, very good quality linen, 5-star hotel mattresses, 200-channel television from around the world, interior design, etc., then guests know they are no longer in a private apartment. They know this is a professional service, and now they are looking for more and more quality. They require more things all the time and I think this will be the evolution of the market”.

This suggests that the provision of a professional service alongside increased guest expectation creates a circular causality relationship, with new customer demand pushing companies to provide higher quality services in a context of fierce competition within highly localized markets, such as city centers. This is crucial because, in the current platform-powered digital reputation era (e.g. Frenken & Schor, 2017; Grabher & van Tuijl, 2020), a negative review will mean that the listing

will drop positions on various platforms, such as Airbnb (Cheng & Jin, 2019; Zervas, Proserpio, & Byers, 2015), while positive reviews are one of the key factors necessary to gain a Superhost badge (Gunter, 2018; Roelofsen & Minca, 2018). In fact, Gunter (2018) concludes that commercial operators on Airbnb are more likely to gain the Superhost status and, therefore, professionalization appears to be the logical result of a system that privileges a devoted and always readily available host. The digital reputation context pushes hosts towards an intensification of their performances, something that has been seen as stressful for the individual host (Zhang et al., 2019).

Companies are very aware of the importance of consumer feedback and, accordingly, they use software to scrutinize all guests' reviews and adapt the product to guests' expectations. Interestingly, the analyses of guest expectations undertaken by these companies further contribute to understanding why customers use holiday apartments rather than hotels. When compared with hotels, several authors have shown that one of the reasons why guests use holiday apartments is the expectation of having a more authentic and local experience (Guttentag, Smith, Potwarka, & Havitz, 2018; So, Oh, & Min, 2018). This seems to be contradictory to the fact that a recurrent conclusion, manifested by different interviewees, is that “the tourists who use Airbnb are looking for almost the same things as they find in a hotel”. However, our argument is that having a local experience and expecting hotel quality are not contradictory but essential to the way in which the STR market is evolving. This is why we suggest that STRs are, nowadays, a hybrid product in the hospitality industry. Our participants stressed that holiday flats provide guests with a more authentic experience than hotels and the opportunity to live in the city as locals do. This refers to being in an apartment building with real neighbors, having breakfast in a local café rather than in a hotel bar, or going to a food market and then cooking in the apartment using local products. However, the authentic experience does not mean that guests want to stay in an *actual* local resident's apartment. Rather, they expect a modern interior design, high quality linen, and a neutral space where property owners must remove all personal objects and belongings. This process is captured well by the manager of Feels Like Home, who stated: “I think the era of the sharing economy is over. It is over. But it doesn't mean that an apartment cannot offer a more local experience than a hotel”. By the same token, a participant stated:

“We go further than what an apartment offers. We want to be the best of both worlds, the best of the hotel and the best of the apartment (...). Guests can have the privacy, facilities and flexibility of being at their own house and having the customer service that you find in a hotel”.

Finally, the high-quality product and customer service that these companies offer, as well as the increased guest expectations in the current digital reputation era, raise the question of the extent to which non-professional hosts are able to compete in this market. Several participants mentioned this topic, and a shared view is summarized by the manager of Lisbon Concierge:

“Guests want to be in a traditional apartment but want also a professional service. And an individual host cannot offer that. Either they make this their professional activity and lose the concept of being a real private host, or they give the management to a company like ours. And only in this way is it possible to offer these types of services”.

## 7. Concluding remarks

In this paper we have provided evidence of the consolidation of a STR industry increasingly led by corporate hosts. These players have been hidden actors in the study of STRs so far. Our study, however, suggests that understanding the movement from the ‘sharing economy’ to the so-called ‘platform economy’ hinges on understanding the role of this fundamental actor. We have seen that competition between companies is high and that, in order to succeed, they have been scaling up and relying on technology and innovation. Furthermore, they have created a tailored product that seems to be virtually impossible to be offered by a non-professional host. In fact, our findings show that a clear

passage of property progresses from individuals to corporate hosts. Beyond platforms like Airbnb and property owners themselves, these companies, we argue, are a driving force behind the development of the STR industry. From this, several considerations emerge regarding the future of, and the research on, the STR market.

First, our study suggests that there is a link between service professionalization, corporate hosts and the uneven geography of STRs, which, in the major urban destinations, is overwhelmingly concentrated in city centers and has led to touristification and transnational gentrification processes (Cocola-Gant, 2016; Encalada et al., 2021; Jover & Díaz-Parra, 2020; Kadi et al., 2019; Wachsmuth & Weisler, 2018). While we see a phenomenon of organizational verticalization and a coordination of STR-related services by corporate hosts, the offer itself – the rooms – are physically fragmented ('horizontal hotels'). Then, an issue arises about how spread out in space this offer can be in order to make verticalization an efficient strategy (e.g., to act as concierges, supply breakfasts, solve daily issues, and provide increasingly more sophisticated hospitality services). For many of these provisions, there are likely to be physical limits and efficiency difficulties associated with the service delivery and coordination of suppliers by corporate hosts, as suggested by the fact that their customer center points are usually located within walking distances from major STR agglomerations. This suggests that professionalization trends may be at odds with another much-heralded benefit promised by sharing economy advocates like Airbnb: the ability to deconcentrate tourism flows in space, not only across but also within major urban destinations. In sum, professionalization has spatial implications, and this is fundamentally linked to touristification processes seen in major urban destinations.

Second, it is necessary to discuss and further explore new layers of 'platformism' and intermediation in the STR industry. Beyond the role of STR intermediation platforms, such as Airbnb, other types of transactional companies, notably corporate hosts, co-evolved with it, further structuring the STR market. Nowadays, as corporate hosts have become fast-growing transnational companies too, they form a globally distributed web that shapes the market on a global scale. Drawing on digital technology and platforms as a primary organizational mode, they facilitate and add value to economic transactions between property owners, investors, service providers and visitors. In this regard, the role of platforms in the STR industry is not simply about connecting hosts and guests. Hence, understanding corporate hosts allows for an unveiling of a new layer of intermediation and platform-driven governance in a STR industry formed by a myriad of market actors – particularly the large ecosystem of companies that have developed around the industry. Indeed, the venture capital invested into corporate hosts epitomizes a change from the 'micro-entrepreneurship' narrative at the genesis of companies such as Airbnb towards a phenomena of market power and industry concentration. This may herald a new stage of internationalization in the STR industry in which transnational capital flows not only seek real estate investment opportunities, but also support the companies that underpin the STR industry in cities. On the one hand, bringing corporate hosts on-board helps to make sense of the STR complex that has formed over the last years, and to understand why it is perhaps now already 'too big to fail'. On the other hand, the rise of transnational corporate hosts and their capacity to invest in technology, innovation and research about how to tailor the guest experience is likely to determine where the industry will go. Transnational firms are not only consolidating monopoly positions by absorbing smaller actors, but, additionally, the former is likely to imitate what corporate hosts do.

Third, understanding the nature of corporate hosts is thus an important cornerstone in order to move beyond the inconclusive and misleading debate in policy circles about whether STR markets are driven by home-sharers or micro-entrepreneurs. In this regard, while policies have assumed that the main actors in the provision of the market are property owners who are aided by the mediating role of Airbnb (Aguilera, Artioli, & Colomb, 2019; Ferreri & Sanyal, 2018), we showed how corporate hosts are, to a large extent, the key players behind the

STR industry, and these intermediaries are the ones who both structure and capture value in the STR market. It is therefore surprising that regulation focuses overwhelmingly on property owners and STR digital platforms, while ignoring these market-making corporations. In this regard, estimating the size of STR professionalization needs to bring corporate hosts into the dialogue. From a methodological perspective, our findings suggest that data scraped from STR platforms is likely to underestimate the degree of professionalization, as it cannot capture whether individual properties are managed by companies or not: while property might be fragmented among a multitude of individuals, management might be highly concentrated and professionalized. Therefore, the usual dichotomy between single and multi-listing hosts to assess whether STR is a sharing economy phenomenon or not blurs the nature of the STR business and, therefore, needs to be reconsidered.

This debate leads us to the fourth point, which is how the consolidation of corporate hosts and their management structure play an important role in platform-supported real estate markets, particularly amid the current market turbulence caused by the Covid-19 pandemic. Corporate hosts advertise their portfolios on different digital platforms simultaneously and, currently, they are using their channel managers to commercialize properties on platforms that were (in theory) for long-term rentals. This tactic has allowed property owners to still make returns while waiting for the tourist market to re-emerge, avoiding the formalization of stable tenancy agreements. In this regard, it is unlikely that STR properties supplied by corporate hosts will move back to the 'permanent' residential market. Therefore, the rise of corporate hosts plays a fundamental role in the resilience of the STR industry, consolidating the subsequent transnational gentrification and the use of urban centers by 'floating' city users (Carvalho, Chamusca, Fernandes, et al., 2019; López-Gay, Cocola-Gant, & Russo, 2021).

Finally, our study stresses that corporate hosts have hired and learned from hospitality professionals, which has, therefore, lead to the hybridization of STRs towards the organizational practices of the hotel industry. As explained, a fundamental concern of corporate hosts is to make sure that apartments become increasingly similar to hotels rooms, attaching to it several service bundles which are typical of hotels. These processes raise questions about whether standardization will keep developing at the expense of the much-claimed local authenticity of STR experiences. In fact, previous research on marketing narratives of Airbnb hosts (Rio Fernandes et al., 2019) show that among the most frequent words are "charm", "cozy" and "real", together with "private", "modern" and "deluxe", which suggests an attempt to strike a difficult balance between authenticity and difference, on the one hand, and deal with the expectations of privacy, quality and comfort through the standardization of services on the other. In either case, further research is needed with regards to the way that individual hosts compete against these professional actors, particularly in relation to the products and services that they manage to provide. It is well known that individual hosts receive less bookings and make less profits than corporate hosts (Deboosere et al., 2019; Dogru et al., 2020; Xie et al., 2021). Additionally, based on our results, it seems that individual hosts will struggle to survive unless they dedicate full time to the activity as the main challenge for them is to replicate the quality services and 24-h availability of corporate hosts. Rather, individuals are incentivized to give the management of their properties to these commercial operators, therefore leading to an increased professionalization of the STR industry.

#### Declaration of Competing Interest

The authors declare no conflict of interest.

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## Appendix A. Supplementary data

Supplementary data to this article can be found online at <https://doi.org/10.1016/j.tmp.2021.100879>.

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