

Tech 4.0 and the Sharing Economy: Are We Ready Halifax?

Fred Morley, FM

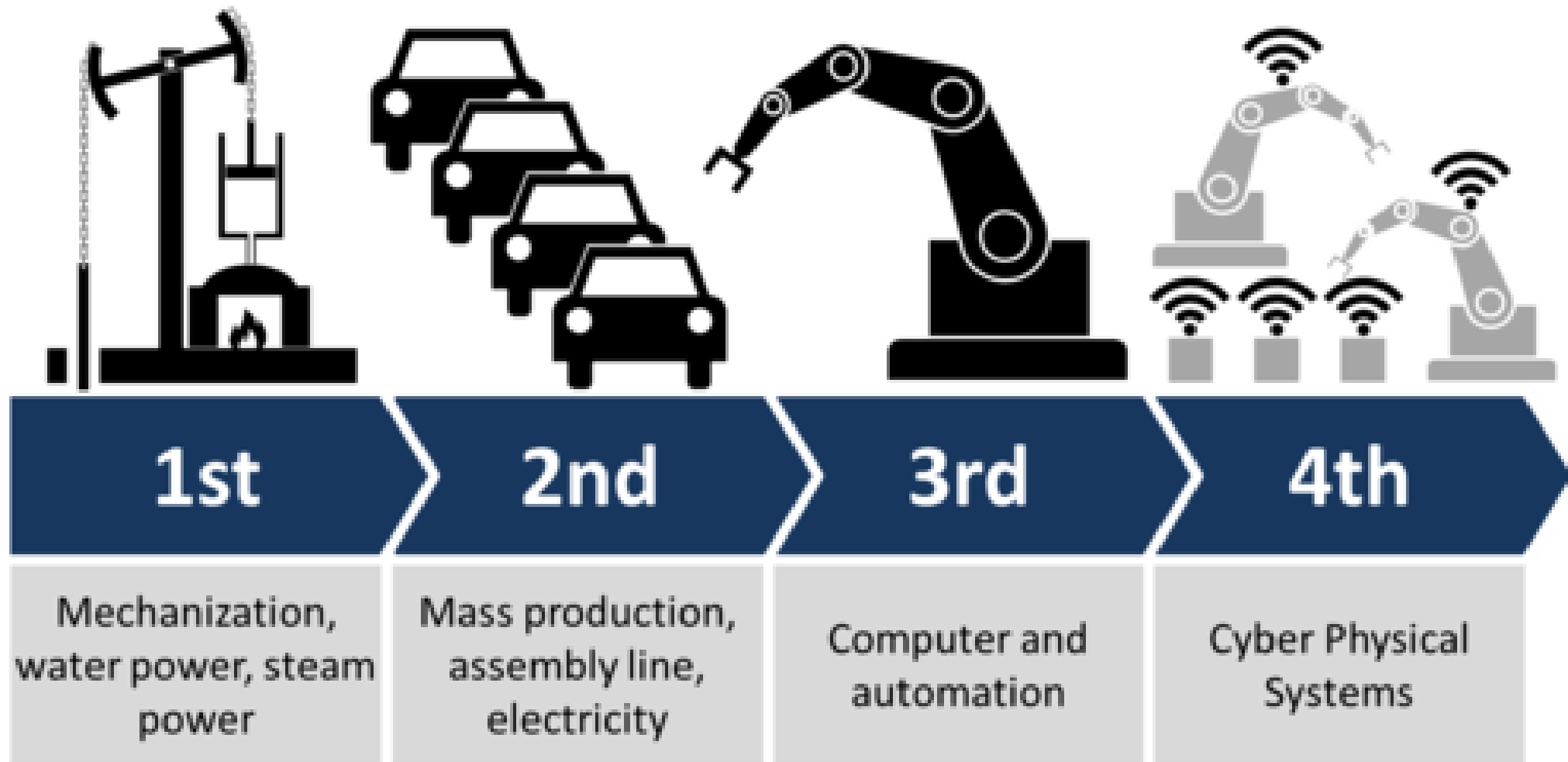
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How Do Businesses Grow in 2018

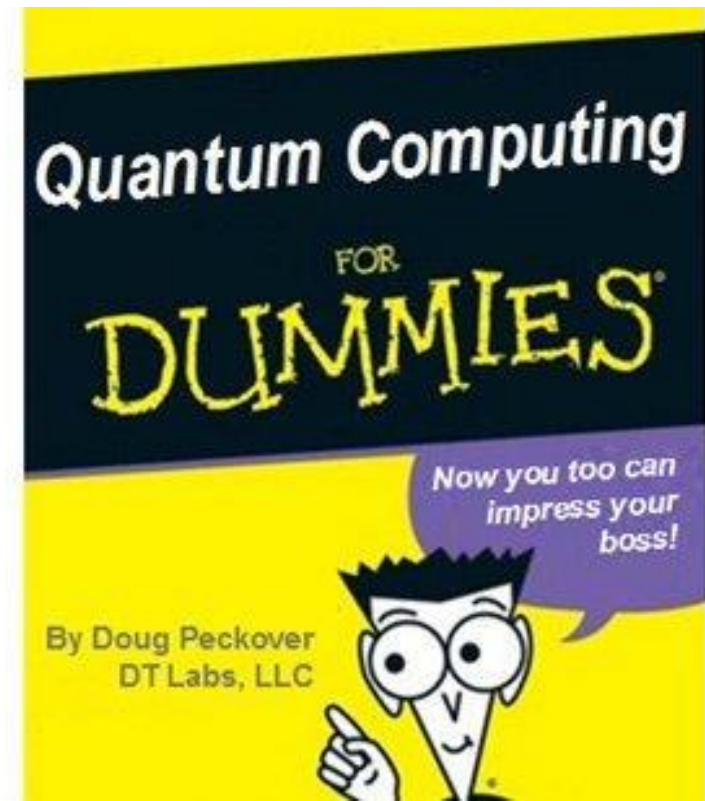
- Innovation and adoption of new technology.
 - Recognize and respond to opportunity
 - Increase competitiveness
- Growing market share by giving consumers what they want..
 - The right product, at a lower price, or highest quality, or with great service equals value.... and competitiveness

Technological Revolutions



Technology 4.0 Looks Like

- AI and machine learning
- Robots and intelligent things
- Autonomous vehicles
- Quantum computing
- Virtual reality
- Intelligent apps
- **Sharing economy**



Tech 4.0:

What is Driving Disruption “Klaus Schwab WEF”

- Velocity of change
 - The speed of change is unprecedented
- Scope of change
 - Every sector, everywhere
- Systems impact
 - Government systems and regulations have a hard time keeping up
 - Disruption creates competitive advantage... new business develop quickly and grow exponentially

Spontaneous Deregulation: Old Regulatory Approaches Lose Relevance in the Sharing Economy



The world's largest taxi company owns no vehicles

The world's most popular publisher creates no content

facebook.



The world's largest music distribution doesn't own a recording studio

The world's largest lodging and accommodations provider owns no real estate



SHOP•COM™

Entrepreneurs who operate one of the world's largest online shopping websites don't own any inventory.

The strongest financial annuity requires NO cash to fund.

#SHOPPINGANNUITY

Policy and Regulation of Tech 4.0

- Government is not wired to respond at a T4 pace.
- T4 companies are often platform based = zero costs to growth for the platform
- Technological innovations don't mirror government structures
- The nature of risk has changed but government is not comfortable dealing with risk
- Interference by government can hamper growth and innovation
- Demand from consumers is insatiable

The 1865 British Locomotive Act

“Every vehicle must have a minimum of two operators in the vehicle and be preceded by a third who carries a red flag to warn pedestrians and horses”



What is the Sharing Economy

The Oxford English Dictionary definition

“An economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the internet”

Loft storage
\$300 a year

Saxophone
\$55 a month

Surfboard
\$80 a week

Parking space
\$20 a day

Lawnmower
\$6 a day

Room
\$38 a night

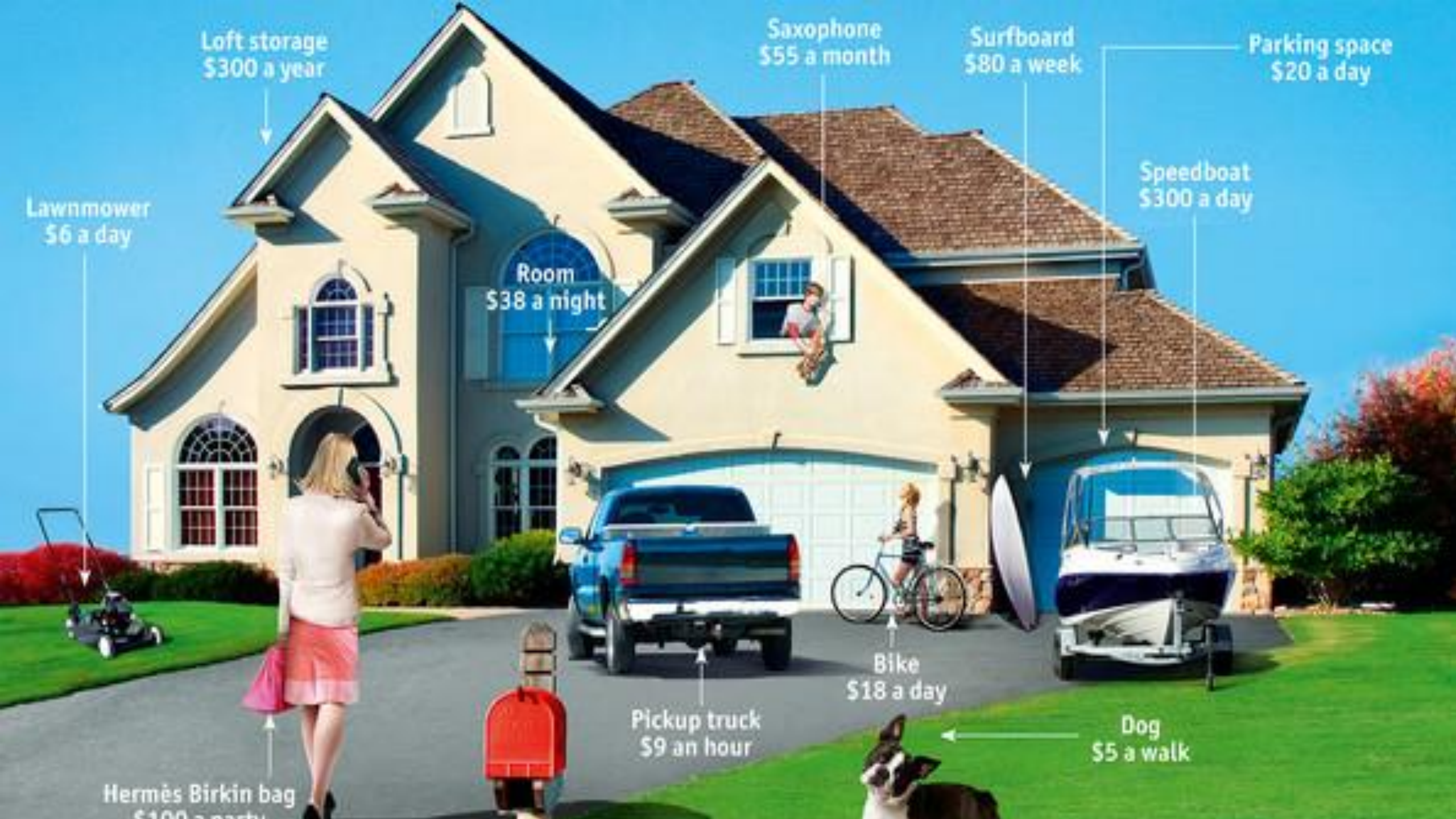
Speedboat
\$300 a day

Hermès Birkin bag
\$100 a party

Pickup truck
\$9 an hour

Bike
\$18 a day

Dog
\$5 a walk



Sharing Economy Innovations

For the Economy

- Leverages excess capacity at with no capital or environmental cost
- Lowers transaction costs and improves efficiency
- Catalyzes individual innovation and entrepreneurship
- Adoption of new technology into more traditional business models

For the Consumer

- Lowers the price of services, increases buying options
- Often improves consumer experience
- Peer to Peer reviews
- Ease of use

For the Entrepreneur

- Low barriers to entry
- Provides employment alternatives and needed income streams
- Provides flexible employment schedules
- Secure financial transactions
- Act local but think global



- 20 fold increase by 2025
- Equal to the size of the traditional rental sector in 10 years.

Sharing economy sector and traditional rental sector projected revenue growth

Sharing economy sector



Peer-to-peer lending and crowdfunding



Online staffing



Peer-to-peer accommodation



Car sharing



Music and video streaming

Traditional rental sector



Equipment rental



B&B and hostels



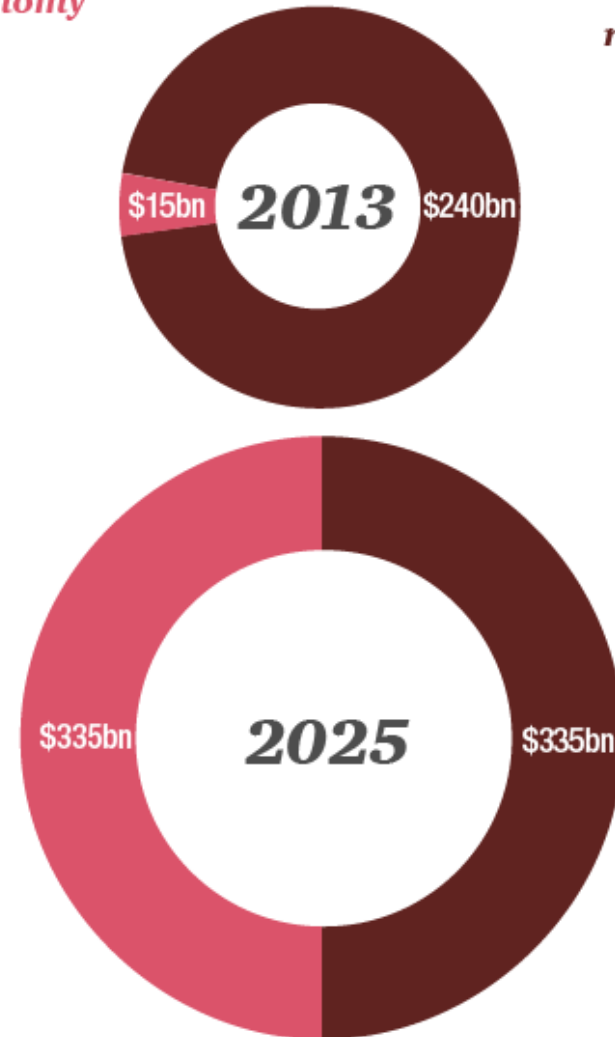
Book rental



Car rental



DVD rental

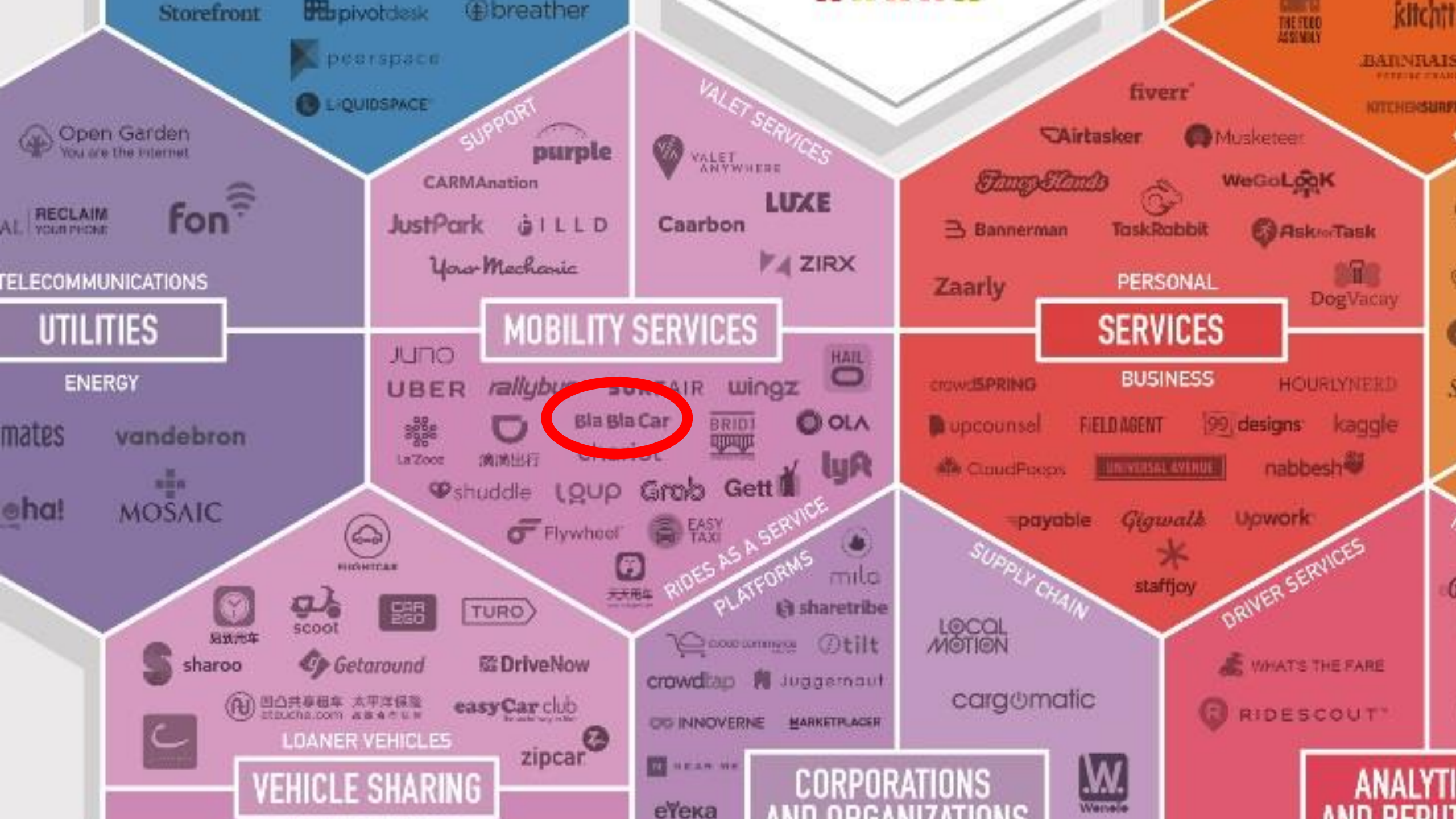


Sharing economy sectors Traditional rental sectors

Source: PwC analysis

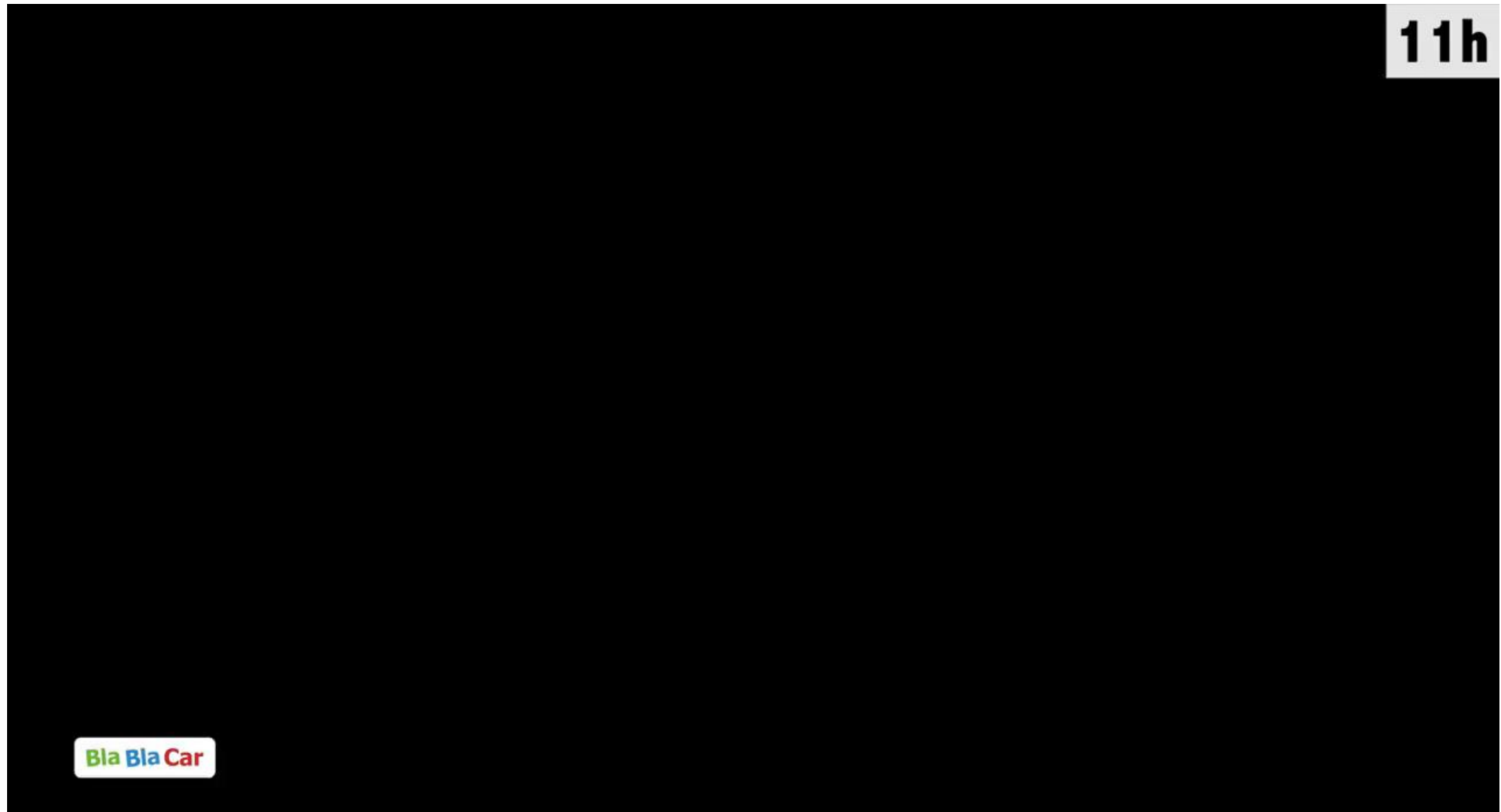
Hitchhiking 1.0: Why Don't We Do This Anymore?



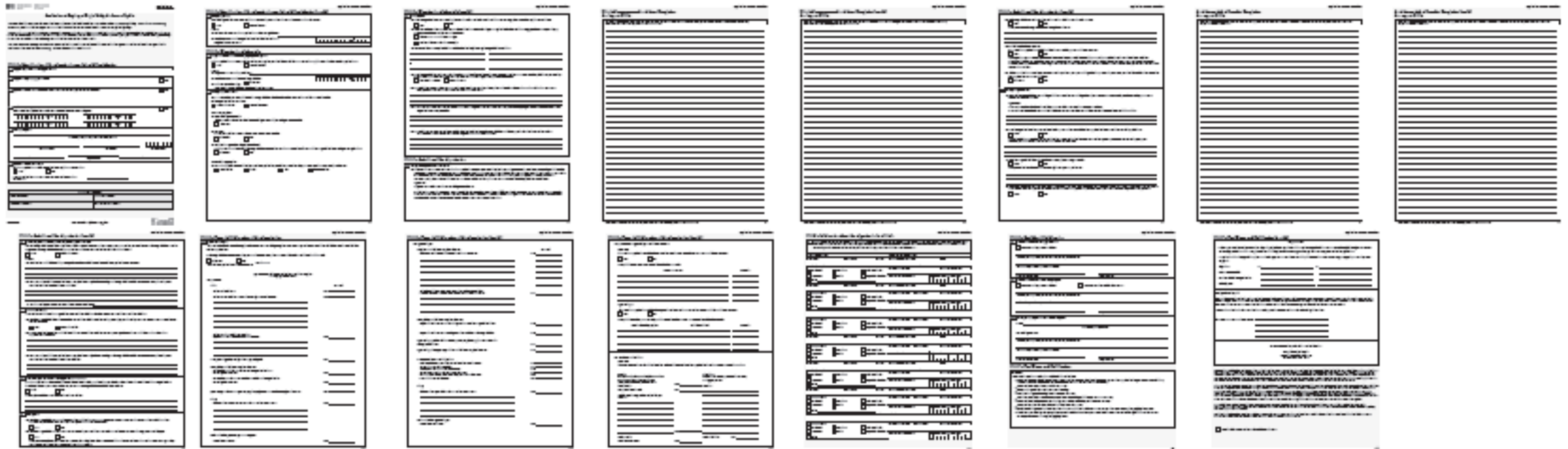


Hitchhiking 4.0

<https://www.youtube.com/watch?v=nvYJ8G2T4XA>



Setting Up A Charity





Go Fund Me

- \$5 billion raised
- 10,000 campaigns started every day

\$13,579,100 of \$4.0M goal



Raised by 136,764 people in 11 days


[Donate Now](#)

[Share on Facebook](#)

Created April 6, 2018

Go Fund Me


- \$5 billion raised
- 10,000 campaigns started every day

 This campaign is trending!



\$15,185,700 of \$4.0M goal


Raised by 142,032 people in 12 days


No Longer Accepting Donations

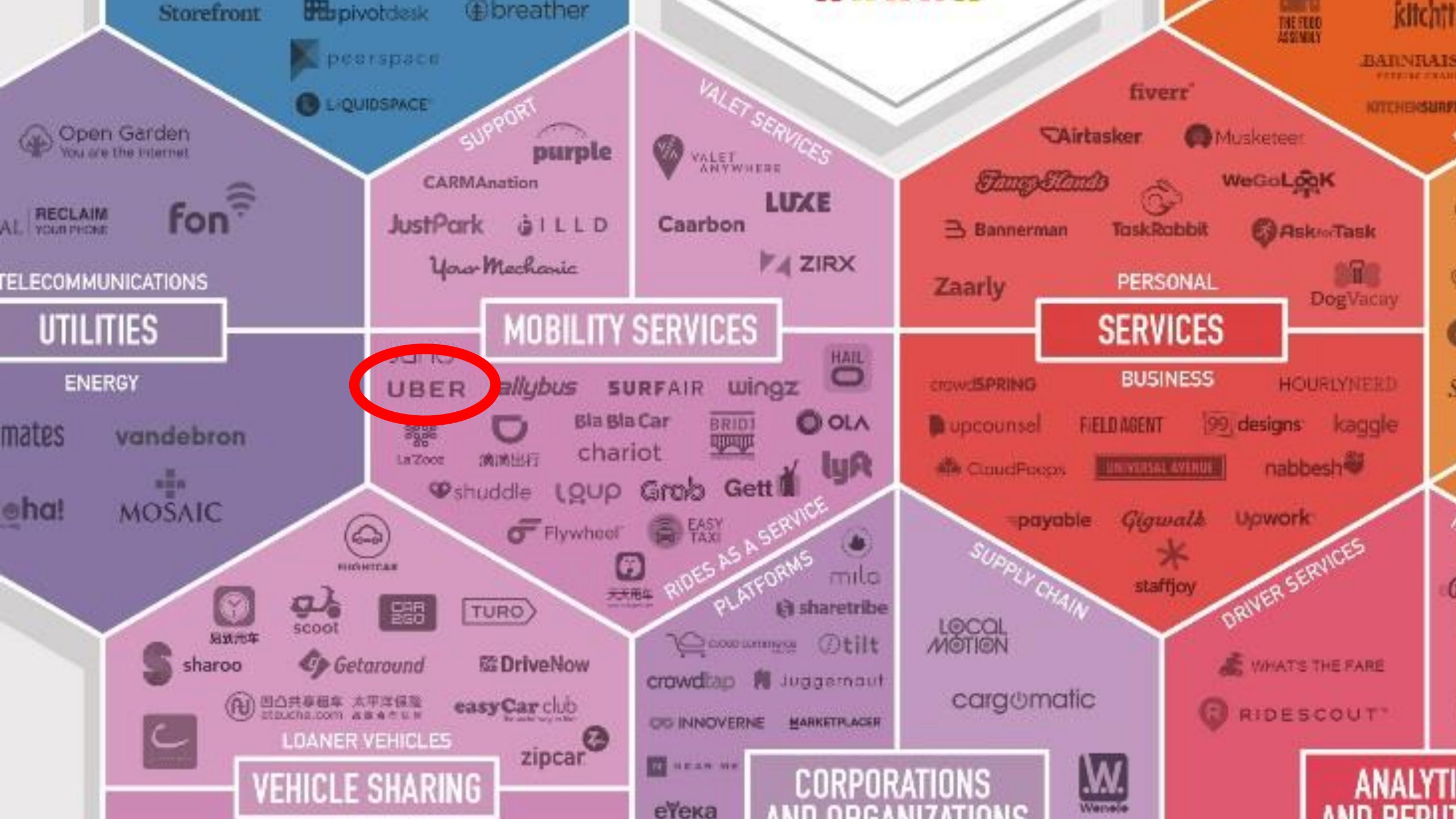
 Share on Facebook

Created April 6, 2018

 Humboldt Broncos Jr. Hockey Association Inc. 

 Emergencies

 Humboldt, SK



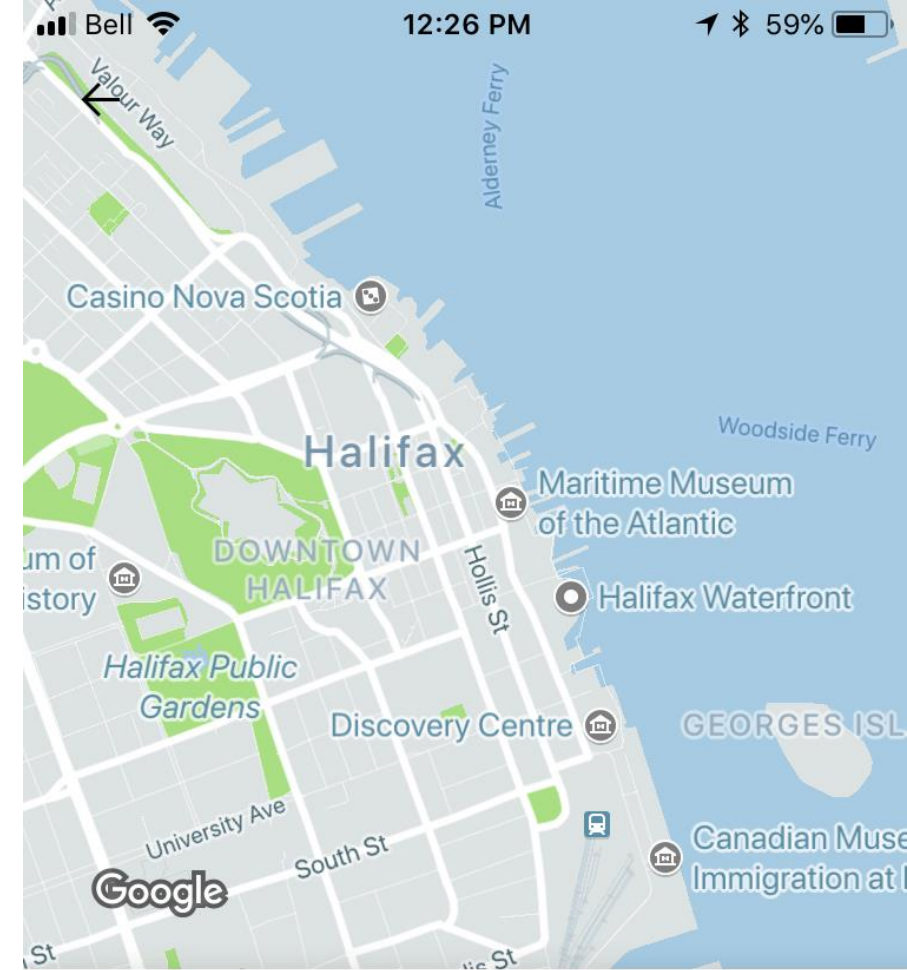
Uber

- 4 billion trips
- 15 million trips a day
- 75 million riders
- 3 million drivers
- 78 countries
- 16,000 employees



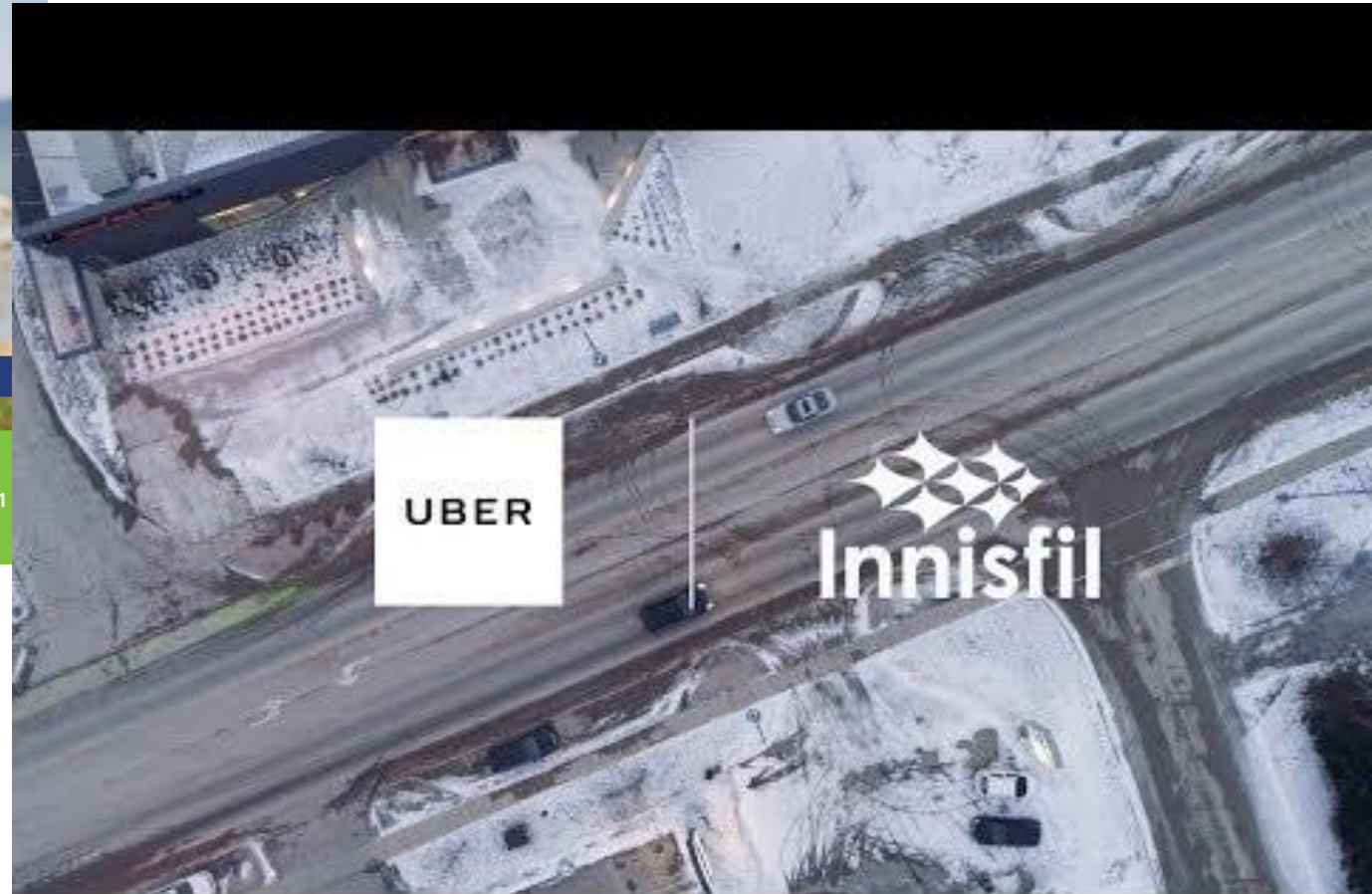
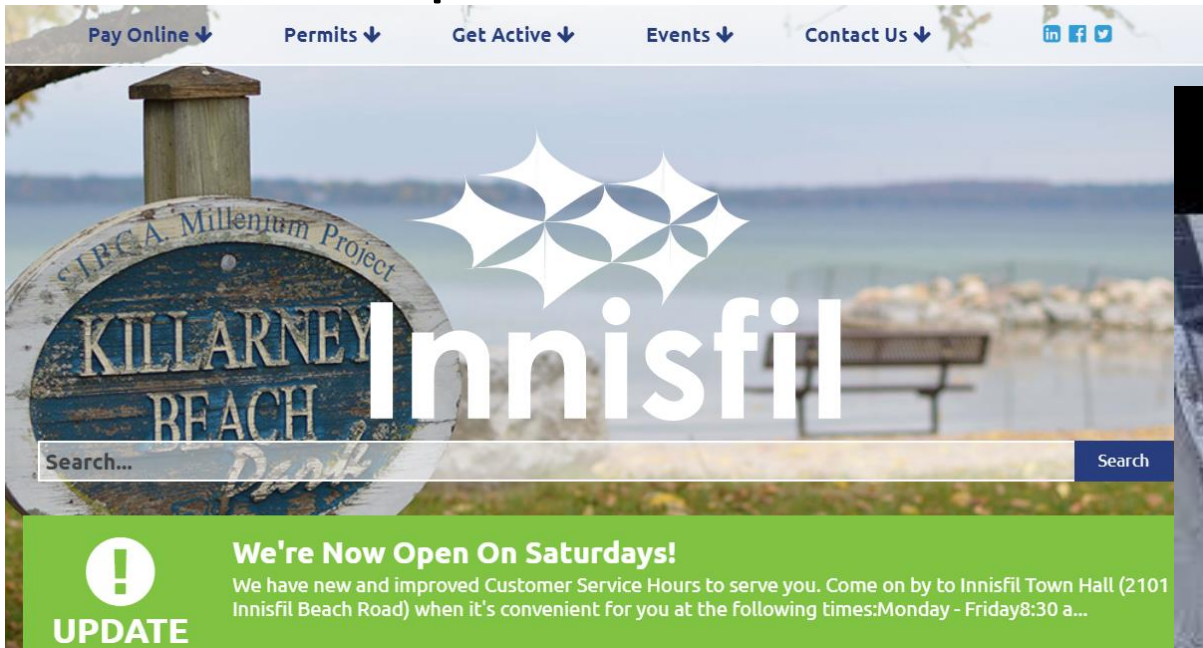
Canadian Locations

- Most cities over 300,000
- B.C. and Sask. will allow Uber in 2018



Unfortunately, Uber is currently unavailable in your area.

The Sharing Economy and Public Transportation: Pilot With Uber



The top of the page features the NLC logo: "NLC NATIONAL LEAGUE OF CITIES" in white on a dark blue background, with "CENTER FOR CITY SOLUTIONS" in smaller text below. The main visual is a grayscale photograph of a busy city street with cars and pedestrians. Overlaid on this are four circular callouts with dashed lines pointing to specific elements: "Intelligent Traffic Signals" (pointing to a traffic light), "Street Sensors" (pointing to a sensor on a street), "Homesharing" (pointing to a building), and "Ridesharing" (pointing to a car with a person inside).

NLC NATIONAL LEAGUE OF CITIES
CENTER FOR CITY SOLUTIONS

Intelligent Traffic Signals

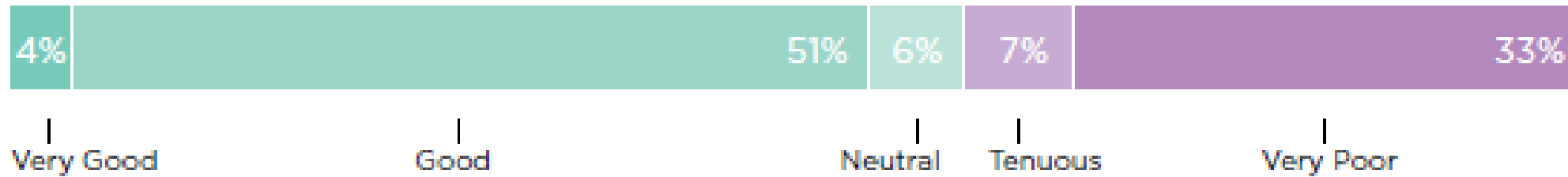
Street Sensors

Homesharing

Ridesharing

**Cities and the Innovation Economy:
Perceptions of Local Leaders**

How would you describe your city's relationship with sharing economy companies like Uber/Lyft or Airbnb?



Have you or any entity in your city entered into any type of partnership with a sharing economy company?

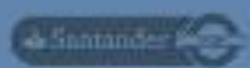


If no, would you be open to a partnership?



MONITORABLE

CITY SPONSORED BIKES

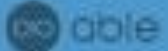


bicing

DASH

MONEY

Rate % Sector



FAIRCENT.com



LendingClub



PROPER

KIVA

MONEY LENDING

THE CROWD



ebay

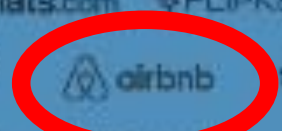
trademe



OfferUp

Move Loot

warpit



HOUSE TRIP

FLIPKEY

CANADASTAYS

HYPER

onefinestay



HomeExchange

LOVE HOME SWAP

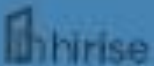
couchsurfing

HomeAway

PERSONAL SPACE

SPACE

WORK SPACE



ShareDesk

wework



Storefront

pivotdesk

breather



LIQUIDSPACE

EMPOWERED PEOPLE
MAKERS, CO-CREATORS,
CROWDFUNDERS,
PEERS, CUSTOMERS



SUPPORT

purple

CARMAnation

JustPark

ILLD

VALET SERVICES



VALET ANYWHERE

Caarbon

LUXE

fiverr

Airtasker

Fancy Hands

Bannerman

TaskRabbit

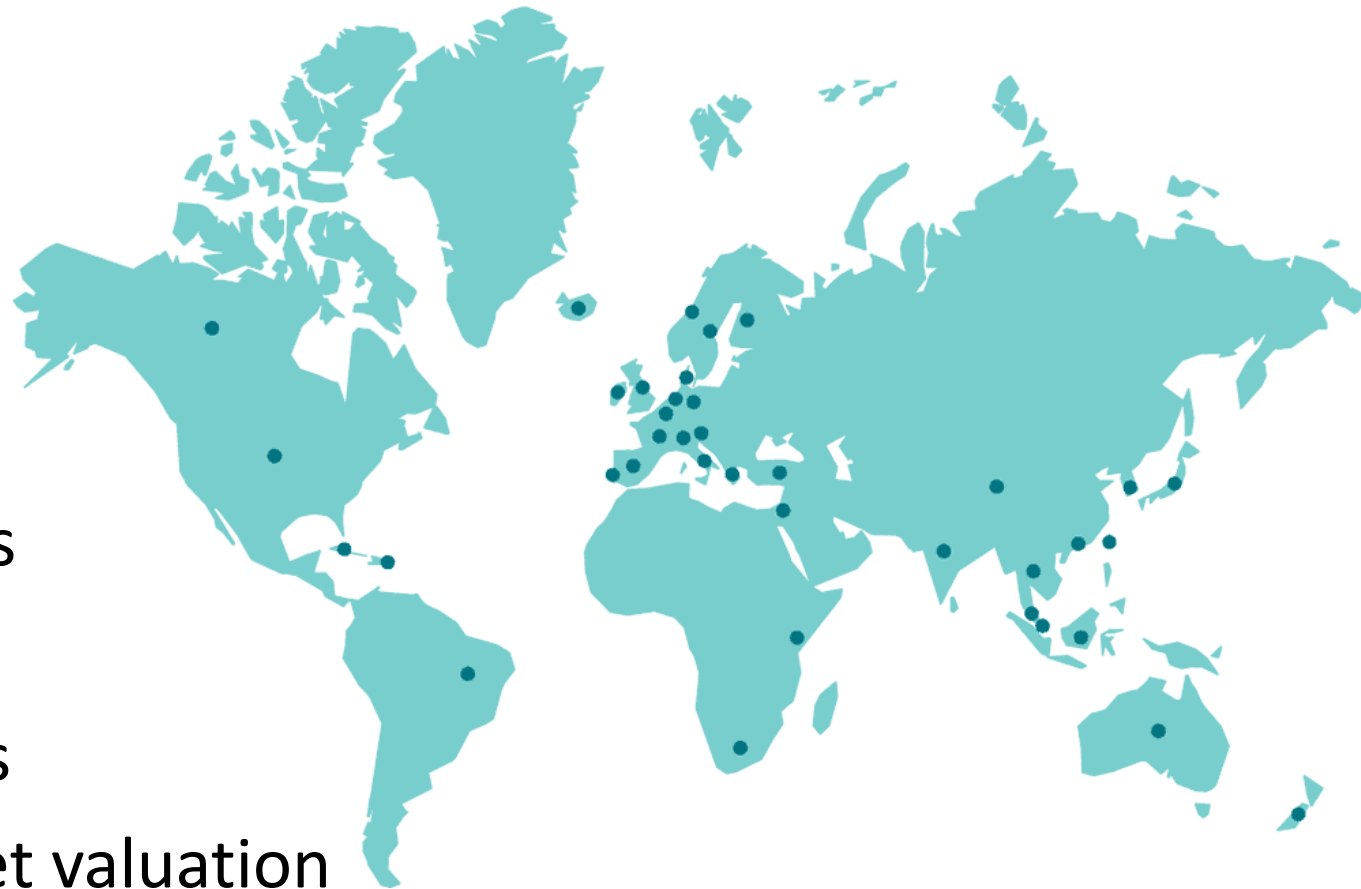
Open Garden
You are the Internet

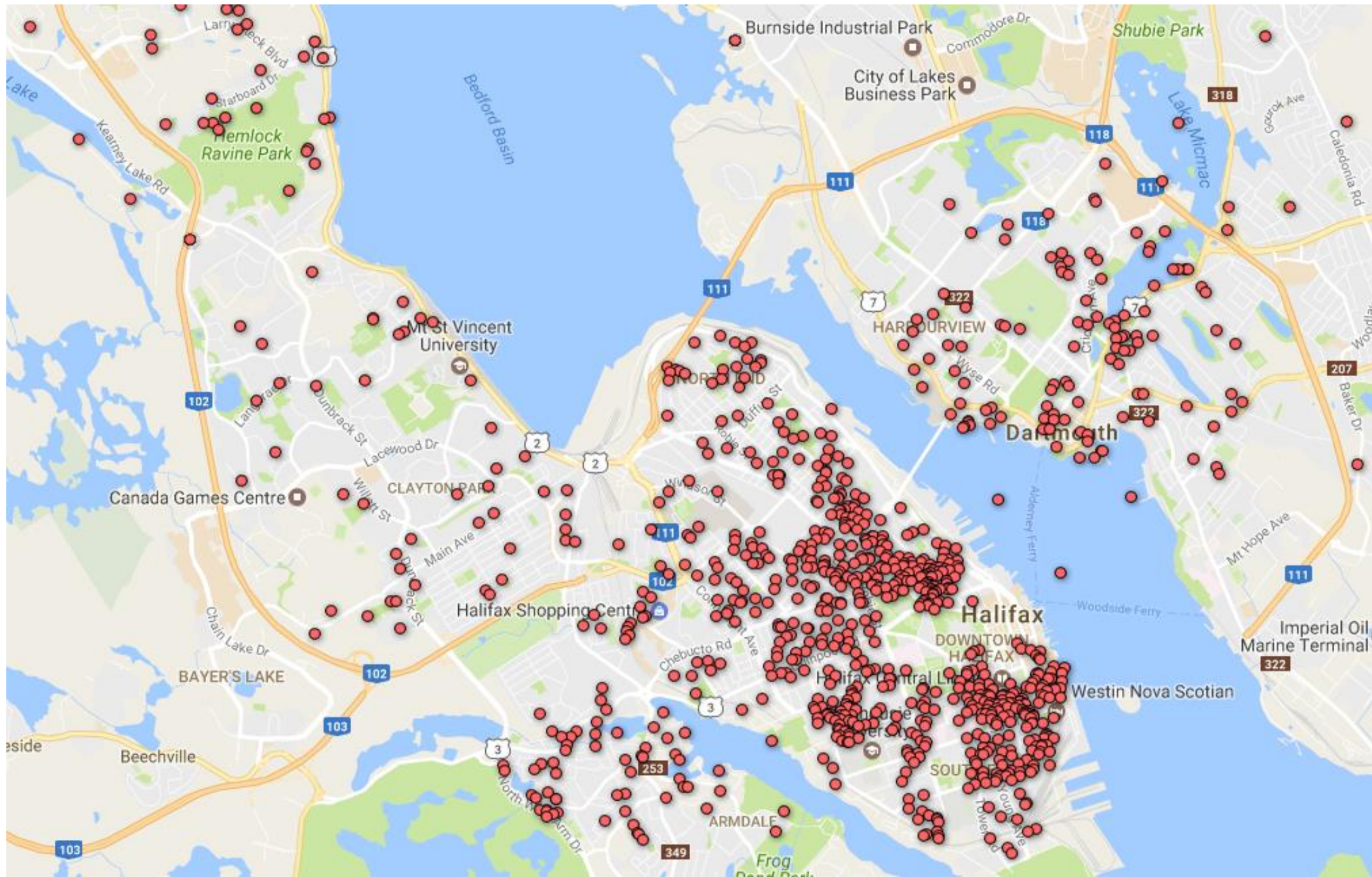


RECLAIM
YOUR PHONE

fon

- 300 million guests
- 81,000 cities
- 4.5 million listings
- \$ 31 billion market valuation





Concerns of Traditional Businesses

- Differences in regulation and enforcement across industry
- Concerns with “level playing field”
- Concerns with unequal taxation
- Competitive concerns
- Perception of fairness
- Changing consumer demands

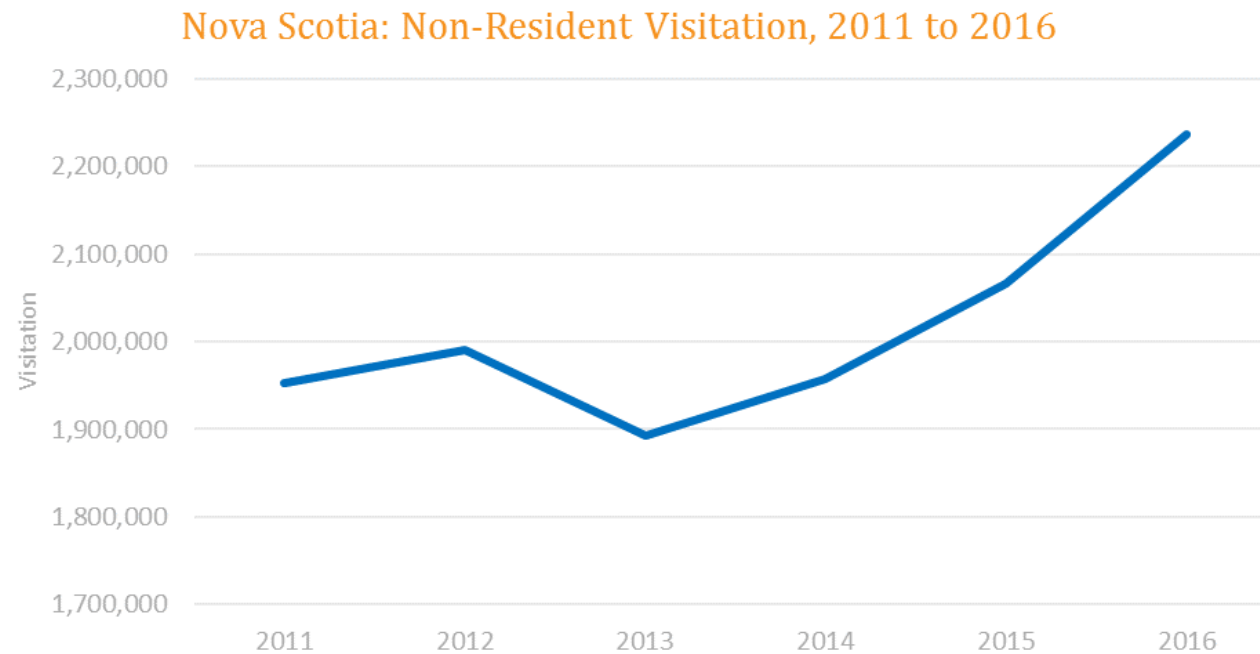
Tourism Growth Concerns

- Shrinking traditional room supply
- Increasing visitor demand
- Accommodation shortfalls means
 - Higher costs for visitors
 - Shorter stays
 - Lack of community capacity for major events



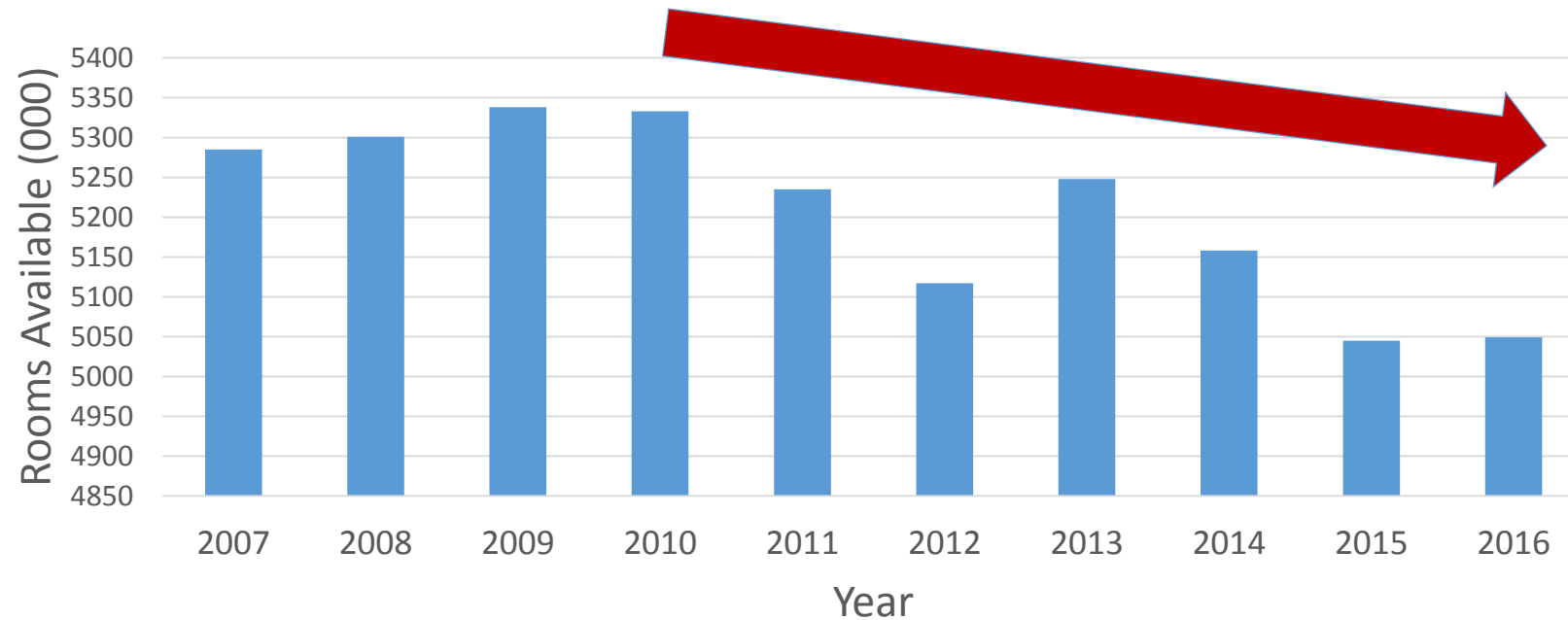
VISITATION TRENDS ARE SHAPPLY IMPROVING

- Highest-recorded visitation in decades
- 2017 trending up 9% vs 2016



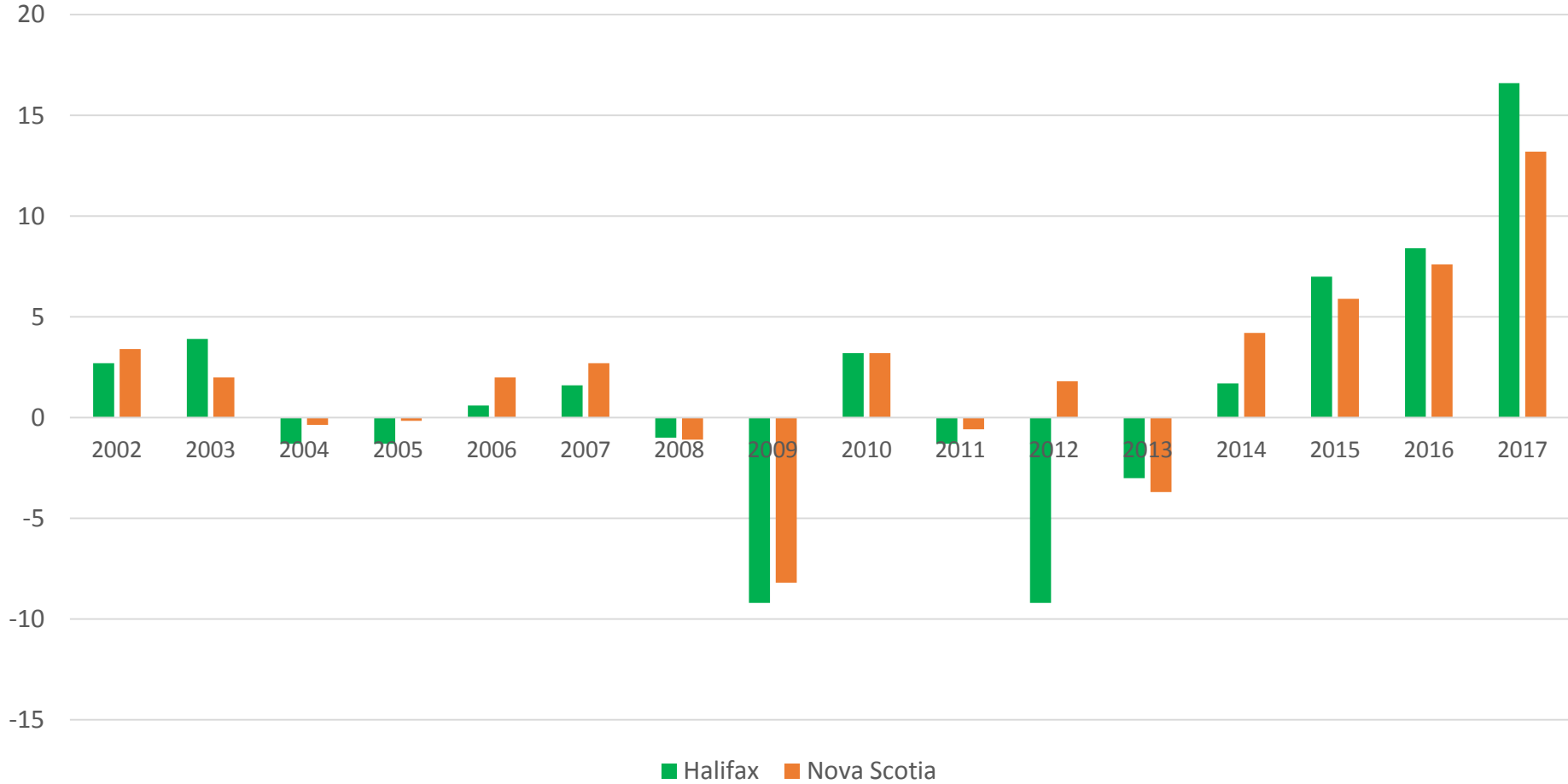
LICENSED ROOM NIGHT SUPPLY IS SHRINKING

Rooms Available in Nova Scotia



REVENUE PER AVAILABLE ROOM HAS SET NEW RECORDS IN EACH OF THE LAST FOUR YEARS

Percent Change (Jan.-Nov. 11 months)



Europe

RevPAR in European Hotels continue to be strong despite a mature Airbnb sector

RevPAR (local currency) growth tables

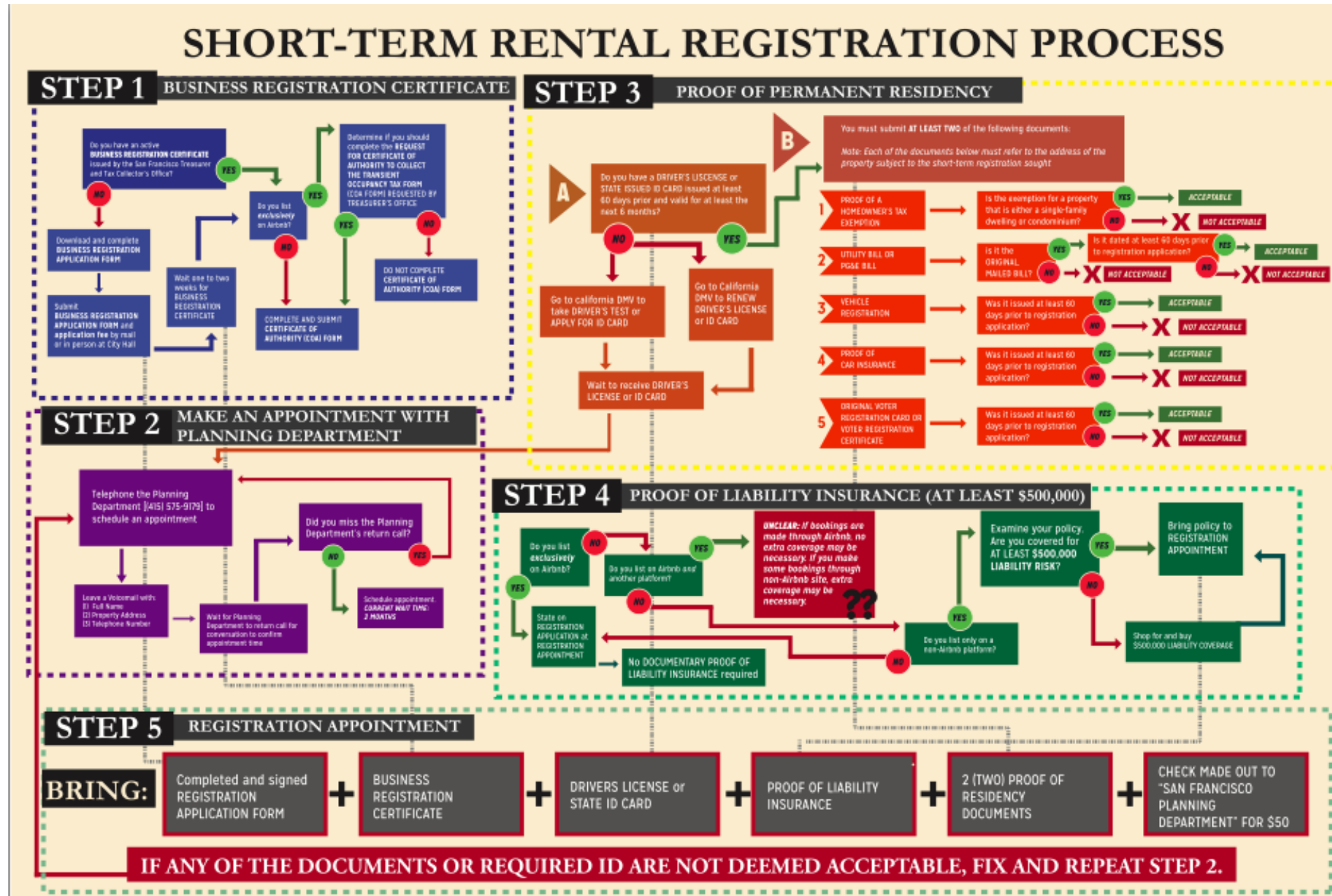
2017	2017 RevPAR	2018	2018 RevPAR
Porto	14.8%	Porto	12.8%
Dublin	8.7%	Budapest	9.9%
Budapest	6.8%	Madrid	8.2%
Madrid	5.9%	Dublin	7.4%
Lisbon	5.6%	Lisbon	6.8%
Prague	5.5%	Paris	5.8%
Barcelona	5.4%	Barcelona	5.2%
Frankfurt	4.5%	Berlin	3.1%
Paris	3.6%	Frankfurt	3.0%
London	3.3%	Prague	2.6%
Amsterdam	2.1%	London	2.5%
Berlin	2.1%	Vienna	2.4%
Milan	1.9%	Amsterdam	2.2%
Vienna	1.3%	Milan	1.7%
Rome	1.1%	Rome	1.2%
Geneva	-1.6%	Geneva	0.1%
Zurich	-2.8%	Zurich	-2.3%

Source: PwC European Cities Hotel Forecast 2017 & 2018

Regulatory Challenges & Municipal Concerns

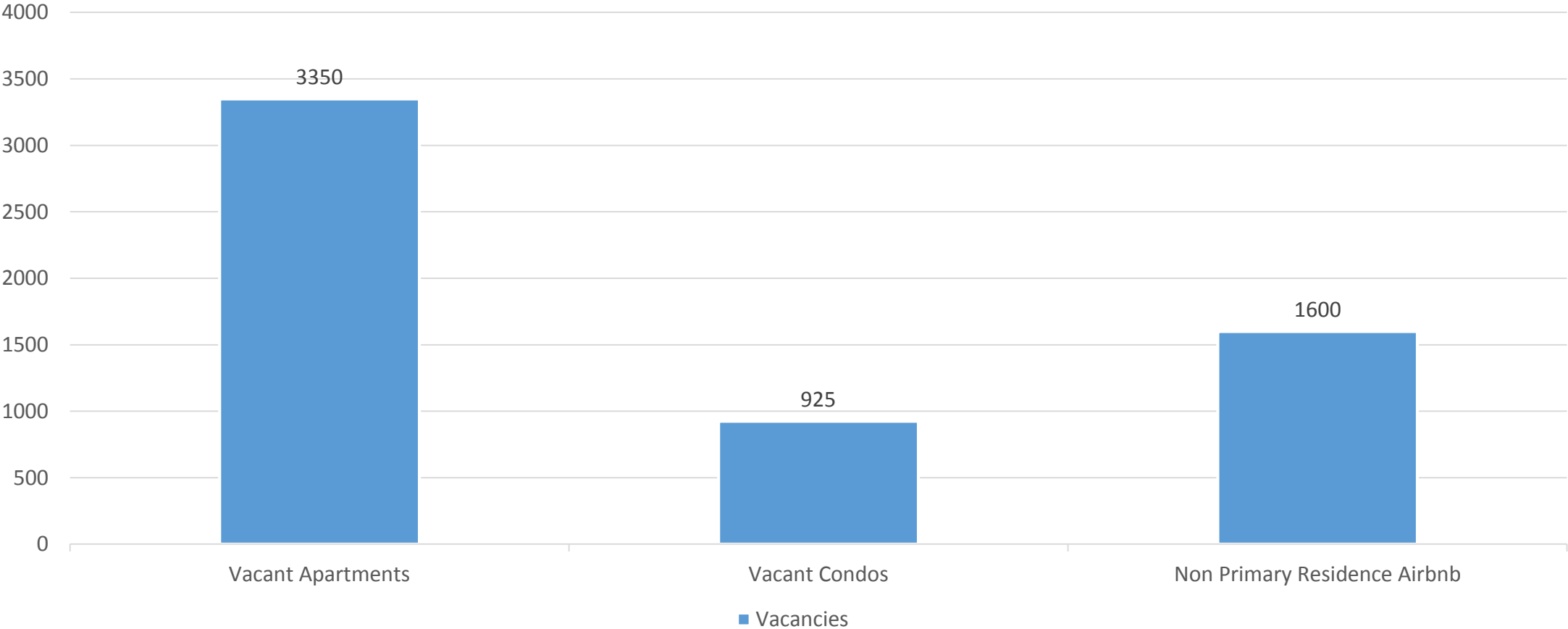
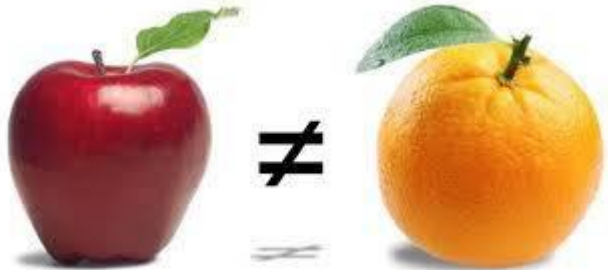
- Allow for economic growth and adaptive uses
- Regulation vs. spontaneous deregulation
- Marketing levy
- Property tax flow
- Affordability and availability of housing
- Didn't San Francisco and Toronto fix this?

San Francisco Regulation: Low Compliance

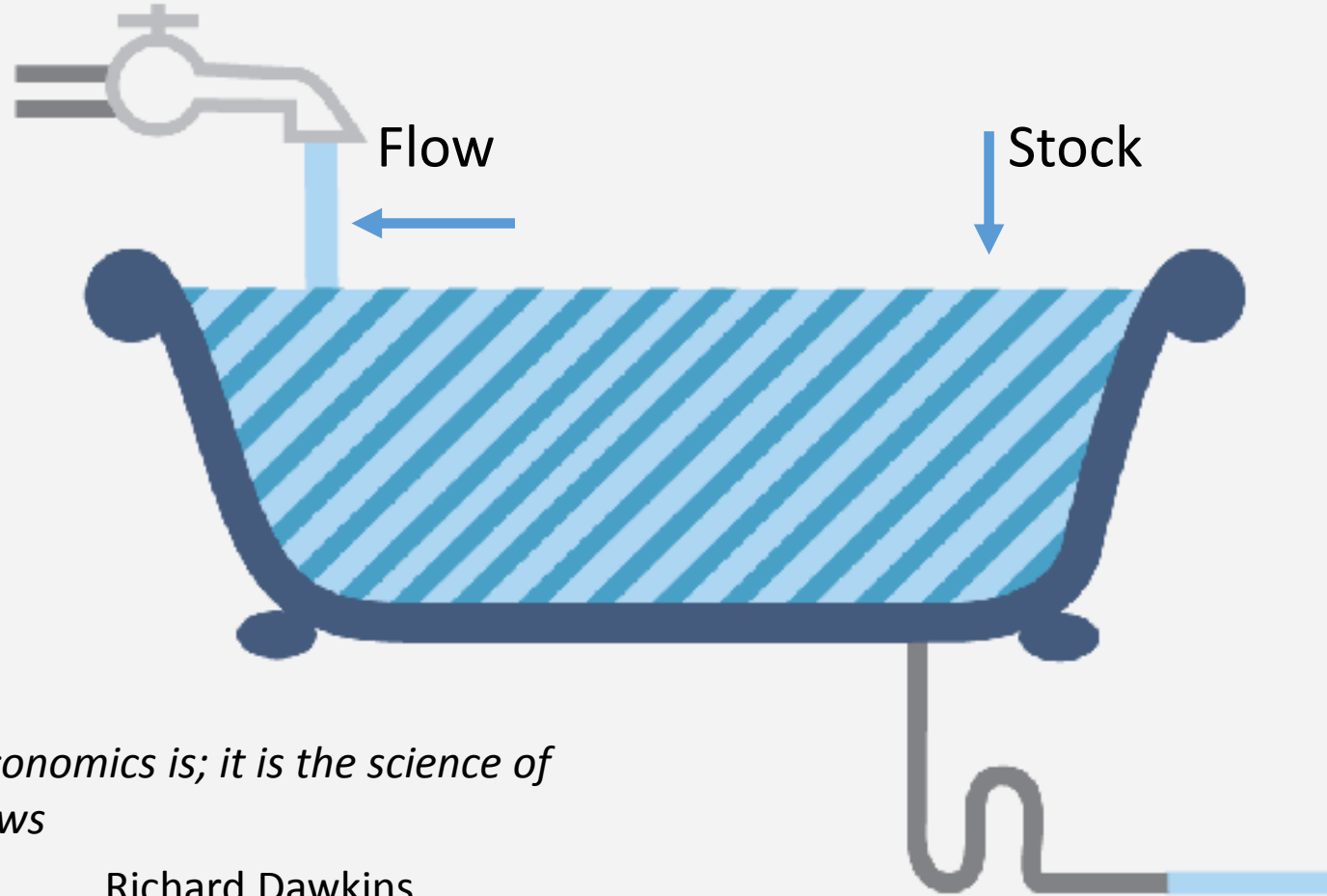


Toronto City Short Term Rental Analysis

Comparing “Monthly” Vacancies to “Potential Long-term Rentals” is Incorrect



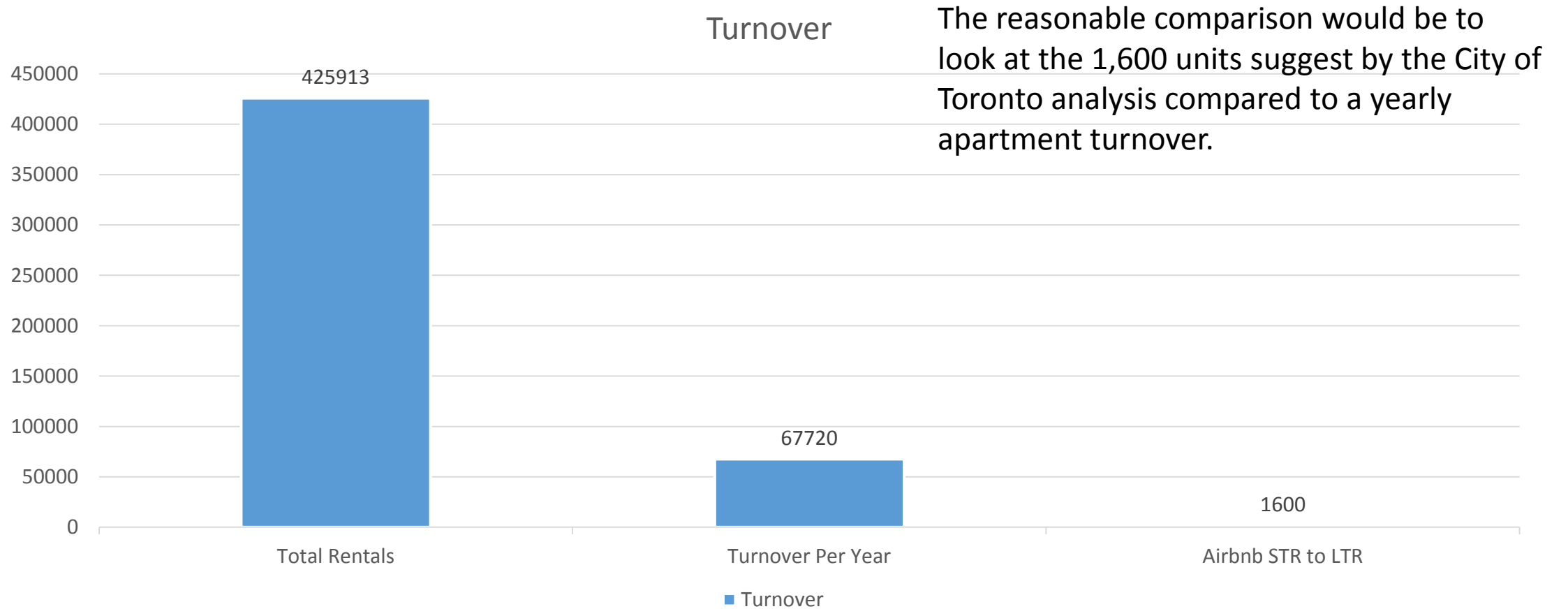
Stock and Flow



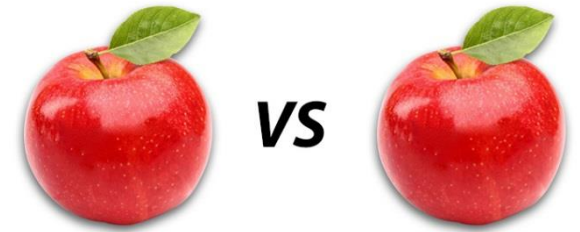
I have found out what economics is; it is the science of confusing stocks with flows

Richard Dawkins

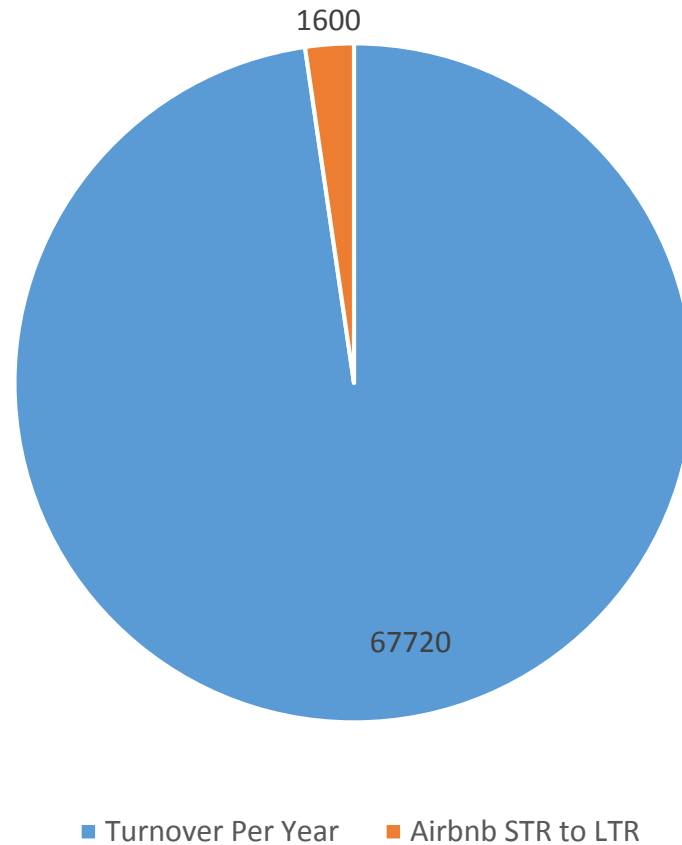
Comparing Yearly Rental Turnovers to Half of Airbnb Non-primary Residences “Potential Long-term Rentals”



Comparing Yearly Rental Turnovers to Airbnb Non-primary Residences “Potential Long-term Rentals”

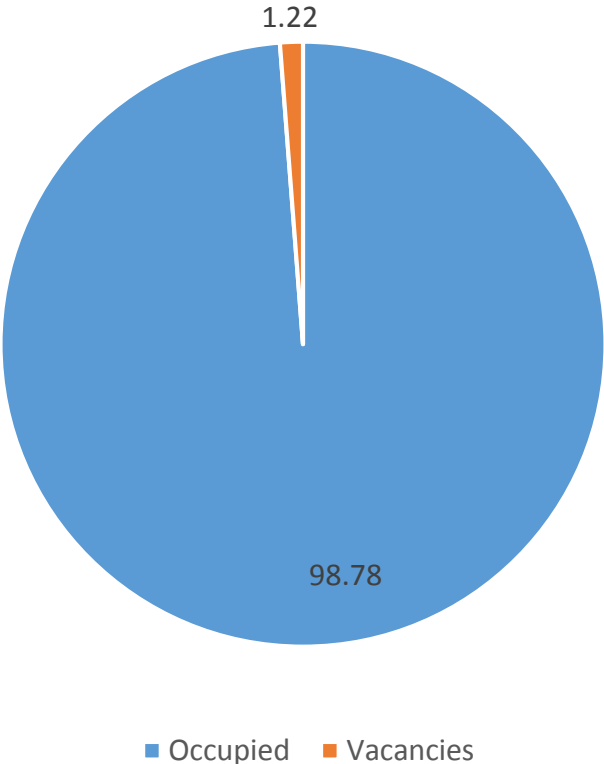


Flipping 1,600 STRs to LTRs would increase available rentals by only 2.4%



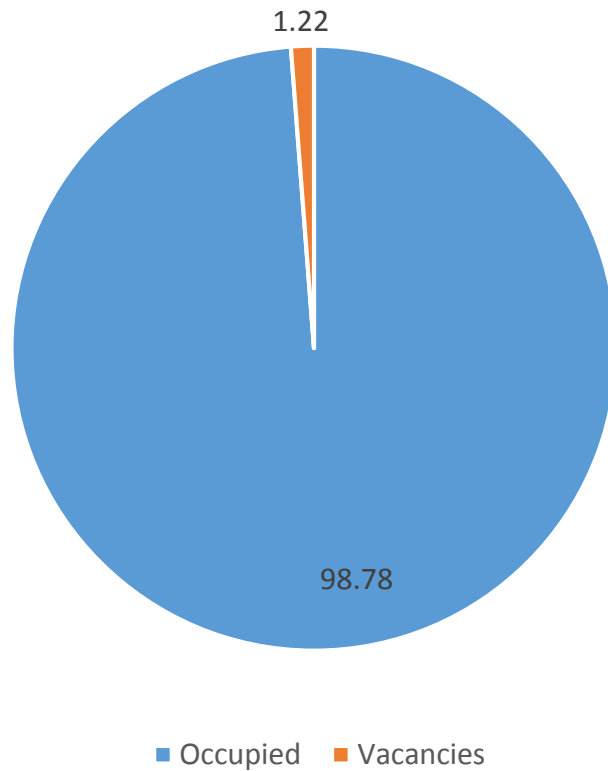
Comparing Vacancy Rates Before and After Regulation Enabled Move of STR to LTR

Before STR to LTR Flip

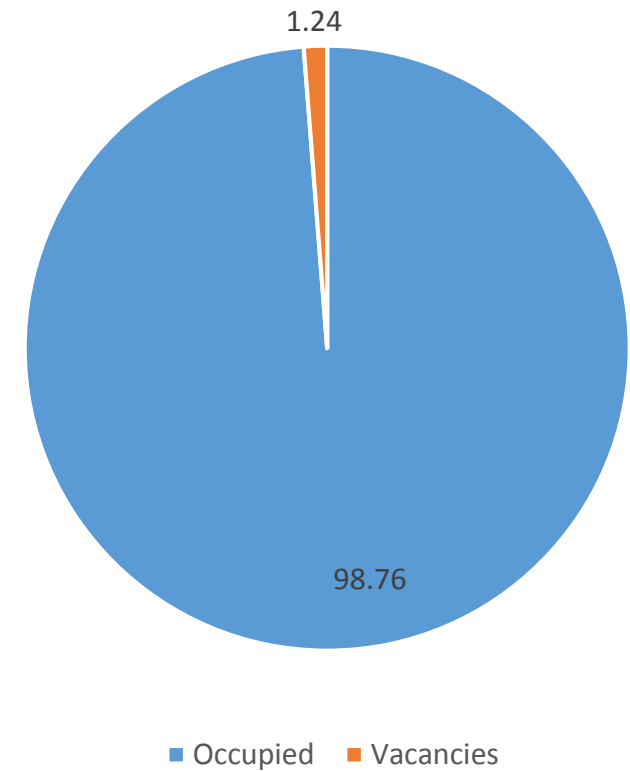


Comparing Vacancy Rates Before and After Regulation Enabled Move of STR to LTR

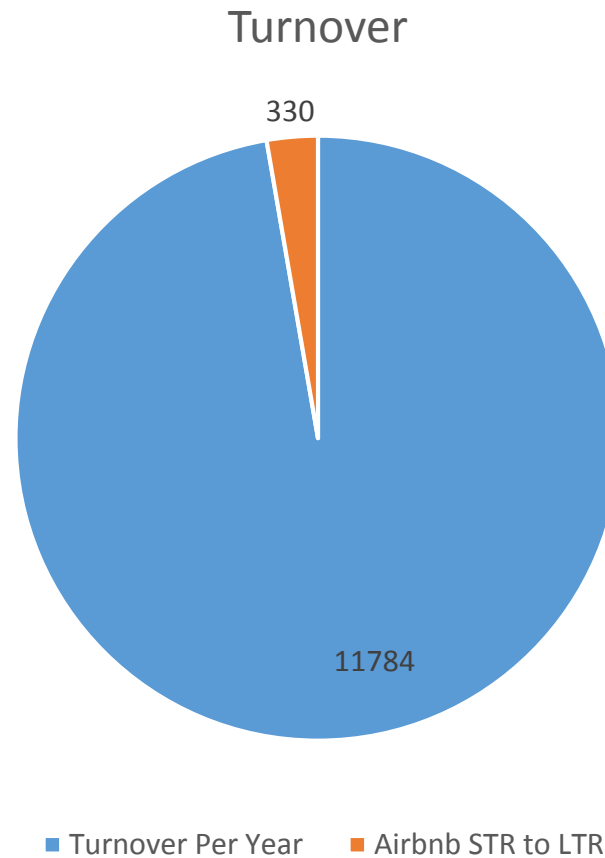
Before STR to LTR Flip



After STR to LTR Flip

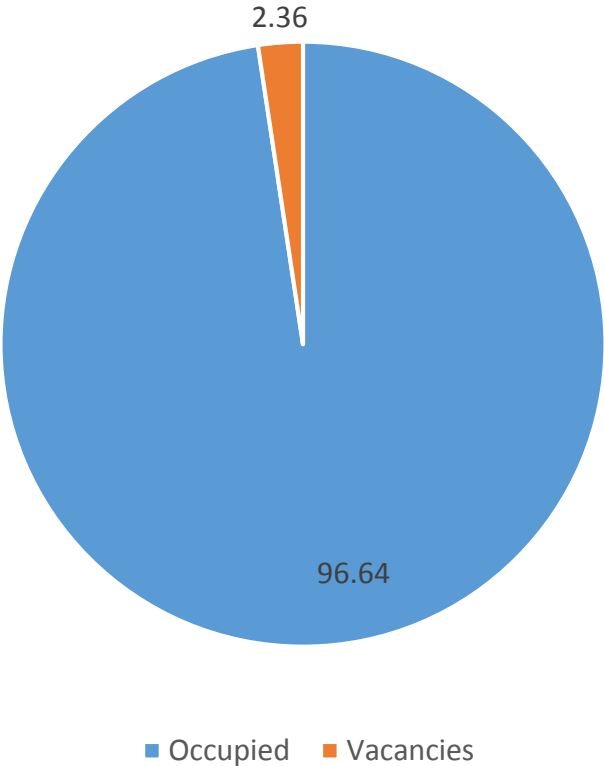


Comparing Yearly Rental Turnovers “Potential Long-term Rentals” for Halifax



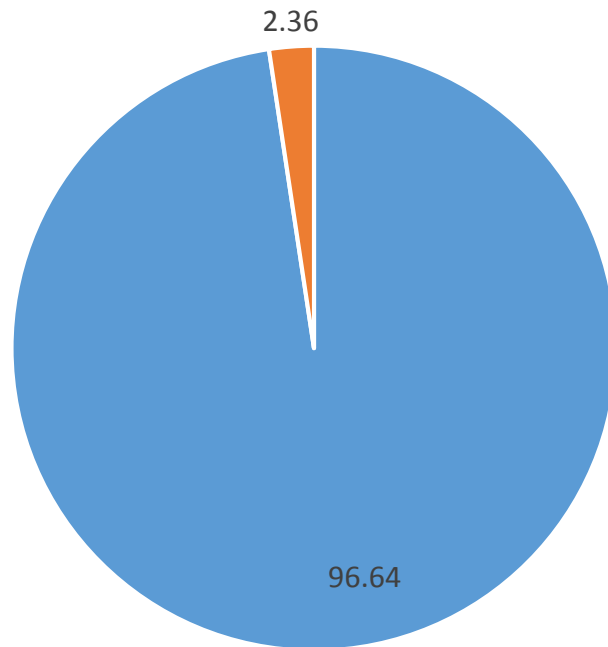
Comparing Vacancy Rates Before and After Regulation Enabled Move of STR to LTR for Halifax

Before STR to LTR Flip



Comparing Vacancy Rates Before and After Regulation Enabled Move of STR to LTR for Halifax

Before STR to LTR Flip

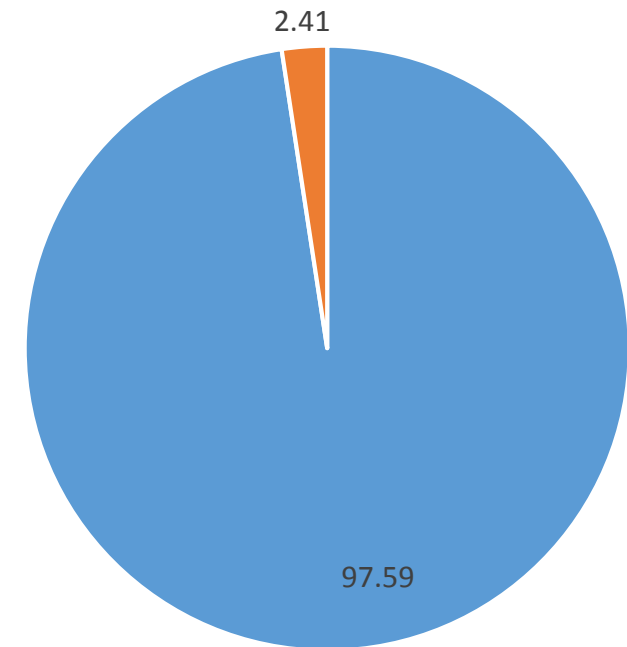


■ Occupied ■ Vacancies

Adding likely STRs that are convertible to LTR stock, shifts the vacancy rate from 2.36% to only 2.41%.

Vacancy rate in Halifax improves by 0.05% if likely STRs can be moved to LTR through regulation and licensing.

After STR to LTR Flip



■ Occupied ■ Vacancies

Where to From Here?



Does it make more sense to create new barriers for everyone or remove old ones?



Regulatory Change Options for Accommodations

- Ignore the situation....
- Toughen regulation and enforcement...“Whack-a-mole”
- A light-touch regulatory approach that maximizes innovation, new business creation, consumer options and revenue generation.
- “Regulate down” to remove costs on existing business...improve their competitiveness

