

# Report: Airbnb not hurting hotel revenues

By Alison Griswold, Slate

In mid-June, Amanda Hite, president and chief operating officer of Smith Travel Research, delivered some exciting news at an annual hospitality conference in New York: U.S. hotels were killing it. For the 12 months ending in April, hoteliers had hit all-time highs in occupancy, average daily room rates, and the money made off each room. Over the next two years, more growth was expected. This marked a stunning return from the recession, which left the lodging industry battered as businesses and households alike slashed travel budgets.

“We continue to experience some of the best fundamentals that we’ve had,” Hite said.

Hotels aren’t the only players in hospitality enjoying a banner year. Late last month Airbnb, the popular alternative lodging site and poster child for the “sharing economy,” closed a \$1.5 billion funding round at a towering \$25.5 billion valuation. One of the biggest private rounds ever, the new money vaulted Airbnb into the upper echelons of the ultra-elite club of billion-dollar startups. Only two other venture-backed private companies – Uber and Chinese electronics-maker Xiaomi – have valuations that are greater.

Airbnb, which helps people rent out their homes and spare rooms for short stays, is expected to top \$900 million in revenue this year. By 2020, that figure is projected to increase more than tenfold to \$10 billion. Airbnb’s listings and annual guests have soared as well, roughly tripling from 2013 to 2014.

That astounding growth is just the latest sign that Airbnb is

making good on its promise to “challenge the status quo,” as co-founder and CEO Brian Chesky once put it. Here and now, Airbnb isn’t profitable, forecasting an operating loss of about \$150 million for 2015. But at \$25.2 billion, Airbnb’s valuation has already surpassed the market cap of major hotel chains like Marriott (\$20.6 billion), Starwood (\$14.1 billion), and Wyndham (\$10 billion), and it’s close to eclipsing that of Hilton (\$27.4 billion) as well. While Chesky has at times balked at the term disruption, numbers like those can’t be denied. Airbnb is disrupting hotels. Which is why it’s so surprising that midway through 2015, somehow, both Airbnb and hotels are thriving.

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