

# Airbnb says it will go public in 2020

September 19 2019, by Dee-Ann Durbin

---



In this Feb. 22, 2018, file photo, Airbnb co-founder and CEO Brian Chesky speaks during an event in San Francisco. Home-sharing company Airbnb Inc. says it will go public in 2020. It's a long-awaited move for the company, which was founded in 2008 in San Francisco. (AP Photo/Eric Risberg, File)

Airbnb Inc. said Thursday it plans to go public in 2020, a long-awaited move by the home-sharing company that is both loved and reviled for its

disruption of the accommodation sector.

Airbnb disclosed the news in a brief statement. It didn't give a target date for the initial public offering or say why it thinks the timing is right. Airbnb was valued at \$31 billion last year, according to Renaissance Capital, which researches IPOs.

San Francisco-based Airbnb was launched in 2008. Co-founders Brian Chesky and Joe Gebbia needed some extra cash, so they put three air mattresses on their apartment floor and set up a website promising a place to sleep and a free breakfast. They named their new venture AirBed and Breakfast.

Since then, Airbnb has grown into one of the world's largest home-sharing platforms, rivalled only by Booking.com. Six guests check into an Airbnb every second, the company says. Airbnb has more than 7 million listings in 100,000 cities worldwide. Nearly 1,000 cities have more than 1,000 Airbnb listings, the company said. In 2011, only 12 cities did.

Airbnb has said it was profitable on a pretax basis in 2018 and 2017, but it didn't release specific numbers. The company said it made "substantially more than" \$1 billion in revenue in the second quarter of this year, the second time in its history that quarterly revenue topped \$1 billion. Airbnb didn't say whether it made a quarterly profit.

Investors may be cautious after some recent IPO flops. The ride-hailing companies Uber and Lyft debuted on the market earlier this year, but they continue to lose money and both are trading well below their IPO prices. WeWork, which is also racking up big losses as it opens shared office spaces, delayed its IPO earlier this week.

Kathleen Smith, a principal with Renaissance Capital, said the difference

for Airbnb could be its profitability. Companies that are struggling in the markets have had trouble showing investors a path to profitability, she said. But the overall IPO market is performing well. The Renaissance Capital IPO investment fund is tracking 30% higher than the S&P 500 this year thanks to strong performers like Pinterest and Beyond Meat.

Airbnb has spent the last several years broadening its offerings in advance of an expected IPO. To attract guests who didn't warm to its couch-surfer reputation, it added boutique hotels and special designations for verified, high-quality properties. In 2017, it acquired Luxury Retreats to boost its high-end offerings.

In May, it bought Hotel Tonight to help guests find last-minute hotel deals. And last month it bought Urbandoor, which offers serviced apartments for business travelers.

Since 2016, it has also been offering experiences, letting guests book local tours, cooking classes and other activities.

Airbnb has forced change in the hotel industry. Marriott now offers experiences and home-sharing properties of its own, for example.

But Airbnb has also faced backlash in places like New York and Barcelona, Spain, where it has been accused of encouraging over-tourism and raising rents by taking living spaces off the market.

Stories about houses damaged by Airbnb guests or racist Airbnb hosts have also plagued the company.

© 2019 The Associated Press. All rights reserved.

Citation: Airbnb says it will go public in 2020 (2019, September 19) retrieved 19 April 2024 from <https://techxplore.com/news/2019-09-airbnb.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.