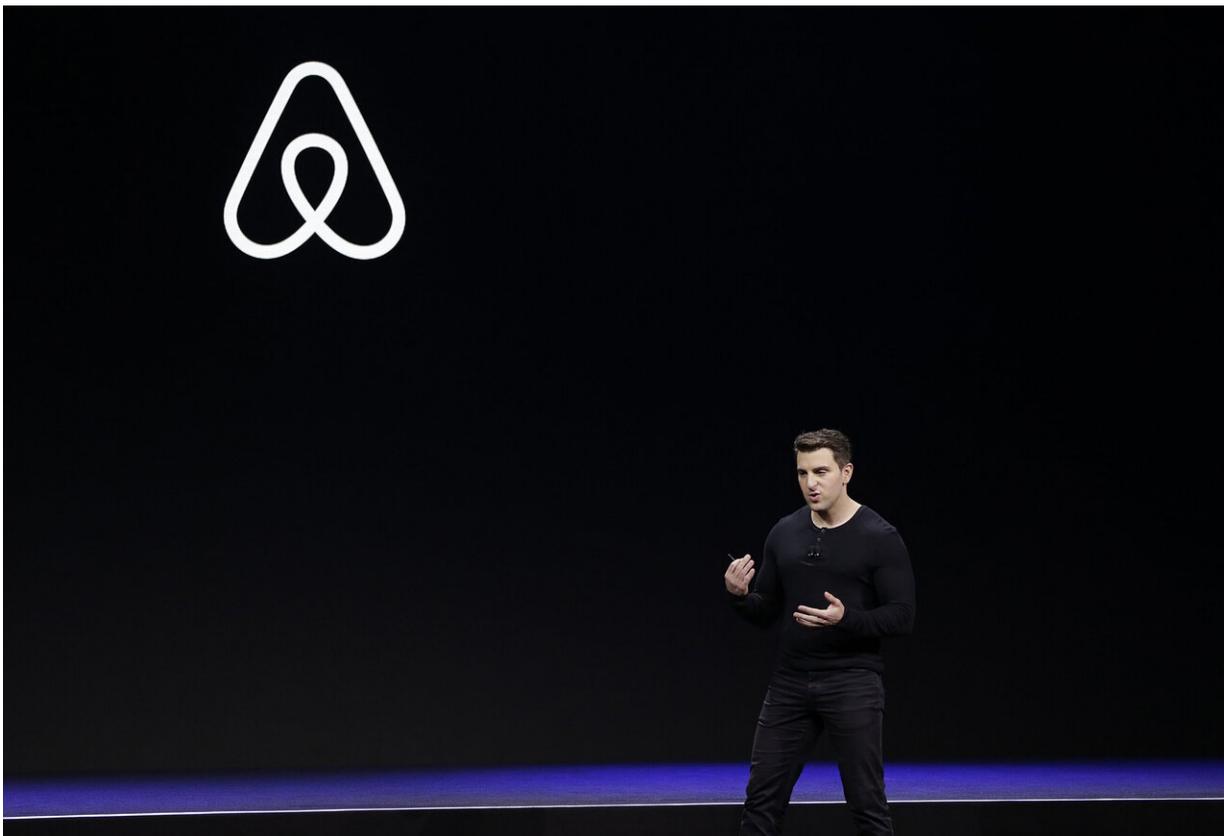


Airbnb laying off 1,900 employees due to travel decline

May 5 2020, 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. Airbnb is laying off 25% of its workforce as it confronts a steep decline in global travel due to the new coronavirus. In a letter to employees, Tuesday, May 5, 2020, Chesky said the company is letting 1,900 of its 7,500 workers go and cutting businesses that don't directly support home-sharing, like its investments in hotels and movie production.(AP Photo/Eric Risberg, File)

Airbnb says it is laying off 25% of its workforce as it confronts a steep decline in global travel due to the new coronavirus pandemic.

It's a serious setback for the 12-year-old home-sharing company, which just a few months ago was valued at \$31 billion and planning a hotly anticipated IPO. Airbnb lists around 7 million properties on its web site.

In a letter to employees, CEO Brian Chesky said the San Francisco-based company is letting 1,900 of its 7,500 workers go and cutting businesses that don't directly support home-sharing. Those include its investments in hotels, air transportation and movie production.

"We are collectively living through the most harrowing crisis of our lifetime," Chesky wrote.

Chesky said Airbnb expects its revenue to drop by more than half this year. The company is privately held, so it doesn't release financial figures. But AirDNA, a company that monitors bookings and rental fees for Airbnb hosts and others, said new U.S. bookings fell by 53% between Feb. 3 and April 13. Some places, like the United Kingdom, have restricted non-essential travel or are only letting medical workers book stays with Airbnb.

Chesky said travel will eventually return, but will look different. Airbnb expects travelers will want options that are closer to home and more affordable, for example. The company is scaling back its investments in luxury properties as a result.

"We need to make fundamental changes to Airbnb by reducing the size of our workforce around a more focused business strategy," Chesky said.

The move isn't entirely unexpected. Last month, two private equity firms—Silver Lake and Sixth Street Partners—invested \$1 billion in

debt and equity in Airbnb. The deal may have included a commitment to reduce costs.

Chesky recently angered many of Airbnb's hosts when he told guests they could cancel their stays without penalties as coronavirus lockdowns scuttled their travel plans. In early April, Airbnb agreed to pay hosts \$250 million to make up for some of the money lost to cancellations. Airbnb is now letting people who were planning to check in by June 15 to cancel without penalties.

Chesky said departing employees will receive at least 14 weeks of their base pay. U.S. employees will continue to receive health care coverage for a year; in other countries, employees will keep their health coverage through the end of this year.

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