

Airbnb details years of losses ahead of planned IPO

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This Feb. 22, 2018, file photo shows an Airbnb logo during an event in San Francisco. Airbnb was losing money even before the pandemic struck and cut its revenue by almost a third, the home-sharing company revealed in documents filed Monday, Nov. 16, 2020, ahead of a planned initial public offering of its stock. (AP Photo/Eric Risberg, File)

Airbnb was losing money even before the pandemic struck and cut its revenue by almost a third, the home-sharing company revealed in documents filed Monday ahead of a planned initial public offering of its stock.

The San Francisco-based company has yet to set a date for the IPO but it is laying the groundwork by filing financial records with U.S. securities regulators.

The documents show that leading up to the coronavirus outbreak earlier this year, Airbnb was spending heavily on technology and marketing to grow its business. The company said it was expanding its operations and adding new programs, like tours and other experiences that travelers could book through its website.

Its revenue jumped 32% to \$4.8 billion in 2019, but it reported a net loss of \$674 million that year. The company also lost money in 2018 and 2017.

This year, Airbnb said, revenue fell 32% to \$2.5 billion in the first nine months as travelers canceled their plans after the pandemic crippled travel and forced lockdowns around the world.

The pandemic forced a financial reckoning, the company said. In May, Airbnb cut 1,900 employees, or around 25% of its workforce, and slashed investments in programs, like movie production, not related to its core business.

Airbnb funded operations with \$2 billion from various sources, including a \$1 billion investment from private equity firms Silver Lake and Sixth Street Partners.

Now, the company said, demand is rebounding as some travelers see

home rentals as safer than crowded hotels. The number of nights and experiences booked, which plummeted more than 100% in March and April, were down 28% in July, August and September.

Airbnb said that indicates its business model is resilient and can adapt to future travel needs, including an increase in business travelers who want to work from a rental home.

"We believe that the lines between travel and living are blurring, and the global pandemic has accelerated the ability to live anywhere," the company said.

Airbnb said it currently has 7.4 million listings run by 4 million hosts worldwide. Eighty-six percent of its hosts are outside the U.S. and 55% are women, the company said.

The company said it had 54 million guests in 2019.

Airbnb was founded 12 years ago by Brian Chesky and Joe Gebbia—classmates at the Rhode Island School of Design—and Nate Blecharczyk, a software engineer. Their first listing was Chesky and Gebbia's apartment in San Francisco.

Chesky, Airbnb's CEO, will receive a multi-year equity grant worth an estimated \$120 million in lieu of a salary, the company said. The award will vest if he meets stock-price targets over the next decade.

Airbnb's massive growth hasn't been without complications.

The company has angered some cities that accuse it of promoting overtourism and making neighborhoods less affordable by taking housing off the market. Cities like Los Angeles, Barcelona, Paris and even Airbnb's home city of San Francisco have passed laws restricting its

rentals.

The company has tried to clean up its couch-surfing reputation by adding luxury rentals and promising to verify each of its properties to make sure the photos on its website match the accommodations.

It has also been cracking down on parties since a 2019 shooting at an illegal Airbnb house party in California. The shooting left five people dead.

In the meantime, relationships with its hosts have sometimes frayed. Earlier this year, hosts were infuriated when Airbnb allowed guests to cancel and get full refunds amid the pandemic. Airbnb later promised \$250 million to hosts to make up the shortfall.

More recently, the [company](#) said it will set aside 9.2 million shares for a host endowment, which will fund projects for hosts when its value tops \$1 billion. It also named a 15-member [host](#) advisory committee to distribute those funds and meet regularly with Airbnb leadership.

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