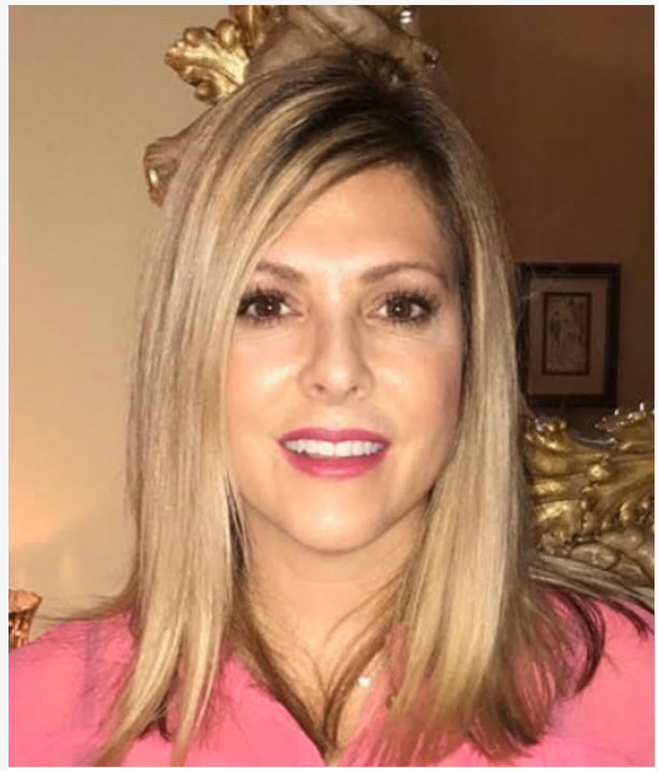
Airbnb Has COVID and Should Be on a Respirator

Is Airbnb valuation overheated?



SILICON VALLEY, CA, USA, January 5, 2021 /EINPresswire.com/ -- "Airbnb has COVID and Should Be on a Respirator"

Airbnb (ABNB), a travel industry disruptor providing resources for travelers who prefer non-hotel options, was started during the recession of two thousand eight. Through twelve years of business, Airbnb has seen controversy around its lack of profitability over time. First talks of going public are nearly six years old and has realized multiple IPO delays. Its' December tenth IPO saw a goliath move, not without controversy, as open pricing was set to mid-sixty dollars per share in the prior day, and more than doubled at it's IPO open. With an inflated open share price, the company's valuation soared to nearly one hundred billion dollars, yet has few assets.

With the COVID pandemic and the prospect of travel virtually disappearing, the travel industry was one of the hardest hit. Airbnb reported revenue dropping eighty percent due to the pandemic. Certainly, Airbnb was one of the most affected reporting a COVID-time valuation of approximately fourteen billion dollars. In twenty nineteen, Airbnb's most profitable year to date, total revenue was less than five billion dollars. Reiterating for emphasis...the IPO opening share price valued the company at over one hundred billion dollars. With this valuation, Airbnb's market cap is larger than the hotel chains and online travel platforms.

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>
> *Whitney Erin Johnson*

The logical next question is "are valuations getting overheated?"   According to CNBC reports, Airbnb has tapped into a measly two percent of the TAM (Total Addressable Market). With global growth at its fingertips, there are existing headwinds for the company. The obvious current headwind is the ongoing pandemic and people's inability to travel. Additionally, there are growing restrictions of short term-rentals on many levels starting with homeowner's associations (HOAs) to city and county mandates, including hotspots like Napa and Las Vegas. This is a growing concern for 'hosts' who are counting on the income they receive for allowing use of their home, lending the idea that being a 'host' may fall out of favor. With strict restrictions in place, there may be less opportunity for a property to be used on the Airbnb platform structure, forcing the owner to pivot into long term rentals entirely dismissing services like Airbnb.

Braemer Hotels & Resorts (BHR) is a real estate investment trust focused on investing in luxury hotels and resorts, and arguably an Airbnb competitor in the travel space. In a foot race between the two, Braemer Hotels has a better chance of 'winning'. As typical for the travel space which has yet to see a full recovery from the Covid downturn in March, Braemer was priced at between eight and nine dollars per share early this year. With the current pricing it has the potential to double in the next few years. Now that vaccines are available, we expect to see the travel industry begin its recovery, with a full recovery to be made in twenty-twenty three.

Now that Airbnb has seen its' debut and has settled in a bit, reaching higher highs then retracing back to it's open, I maintain that in a foot race between the two over the next few years, Braemer Hotels has a better chance of 'winning'.

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