

Dear Airbnb...

 hotel-online.com/press_releases/release/dear-airbnb

By Daniel H. Lesser

Airbnb started as an online marketplace founded by two unemployed entrepreneurs who seized upon an opportunity to earn money by renting three airbeds in their living space. Today, a significant amount of Airbnb's activity in cities such as New York and San Francisco does not originate from the listings of "regular people" who are merely renting out a spare room. Instead, professional landlords are removing multifamily stock from local markets and providing availability exclusively for tourists and business travelers. In some cases, landlords are even evicting residential tenants and jettisoning rent-controlled housing to create Airbnb listing opportunities.

Earlier this month during an interview with Fortune, the multinational magazine, Arne Sorenson, President and CEO of Marriott International was queried if he *"thinks Airbnb has become more willing to make concessions or cooperate with regulators."* Mr. Sorenson responded: *"I don't know that I see that they're more willing to concede. They're spending a lot of money on government affairs and they're playing pretty aggressive. I've had letters from Airbnb directly, demanding my response about some charge, I don't even know what it is, within hours. That's pretty aggressive, and I'm not going to respond to that."*

Subsequently, on November 20, 2017 Josh Meltzer, the New York public policy director for Airbnb addressed a letter to Mr. Sorenson, accusing him of being *"unwilling and unable to defend your industry's longstanding commitment to price gouging consumers, depressing wages and replacing workers with robots."* The communication also alleges the *"industry's habit of taking billions of dollars from taxpayers to subsidize the construction and operation of your hotels"*, and challenged Mr. Sorenson to explain *"the nearly \$12.3 million you personally earned in 2016."*

I offer the following humble thoughts/opinions regarding this on-going saga:

- Mr. Meltzer's letter is scathing and to say the least, unprofessional;
- Applause for Mr. Sorenson for taking the high road and not responding to unnecessary aggressive attacks;
- Accusation of the hotel industry's *"longstanding commitment to price gouging consumers, depressing wages and replacing workers with robots"* is entirely baseless and without merit;
- Allegation of *"industry's habit of taking billions of dollars from taxpayers to subsidize the construction and operation of your hotels"* is also completely unfounded and

false;

- Mr. Sorenson is under no obligation to personally explain his earnings, particularly since he is employed by a Fortune 500 publicly held company.

Hotels represent investments which are largely in the betterment of communities and contribute to local economies in part through the creation of jobs, stimulation of spending, and the generation of taxes. The recent introduction of new lodging products by non-hospitality retail brands (e.g., West Elm, Restoration Hardware, Equinox) has occurred on a level playing field, and without public hostility from either the hotel industry or the disrupters. Airbnb appears to be on the defensive and feeling the pressure of a regulatory environment that is closing in its enterprise. Capitalist competition is meant to be fair and balanced, and the fact is, Airbnb and its hosts' and users' must comply with state and local laws, codes, and regulations that apply to traditional types of transient lodging facilities.

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About Daniel Lesser



Daniel H. Lesser, President & CEO of LW Hospitality Advisors LLC (LWHA), brings more than 35 years of expertise in a wide range of hospitality operational, investment counseling, valuation, advisory, and transactional services. He provides services to corporate, institutional, and individual clients as well as public agencies on all facets of hospitality real estate including: litigation support and expert testimony, site evaluation, highest and best use analysis, appraisals for mortgage, acquisition, and portfolio management, workout strategies, operational analysis, development consulting, property tax assessment appeal evaluations, economic impact studies, fairness opinions, deal structuring, and negotiation of management and franchise agreements. Mr. Lesser had been retained in connection with a broad variety of lodging assets throughout the Americas, as well as in Europe, the Middle East and Asia.

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