

What's the Deal By [Daniel Lesser](#)

Daniel Lesser, president and CEO, LW Hospitality Advisors, New York City



Dear Airbnb...

(The views and opinions expressed in this blog are strictly those of the author.)

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" 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.

In a November interview with [Fortune magazine](#), Marriott International President and CEO Arne Sorenson 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, Josh Meltzer, the New York public policy director for Airbnb, [wrote](#) 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 US\$12.3 million you personally earned in 2016."

I offer the following humble thoughts/opinions regarding this ongoing 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 that 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.

12/4/2017