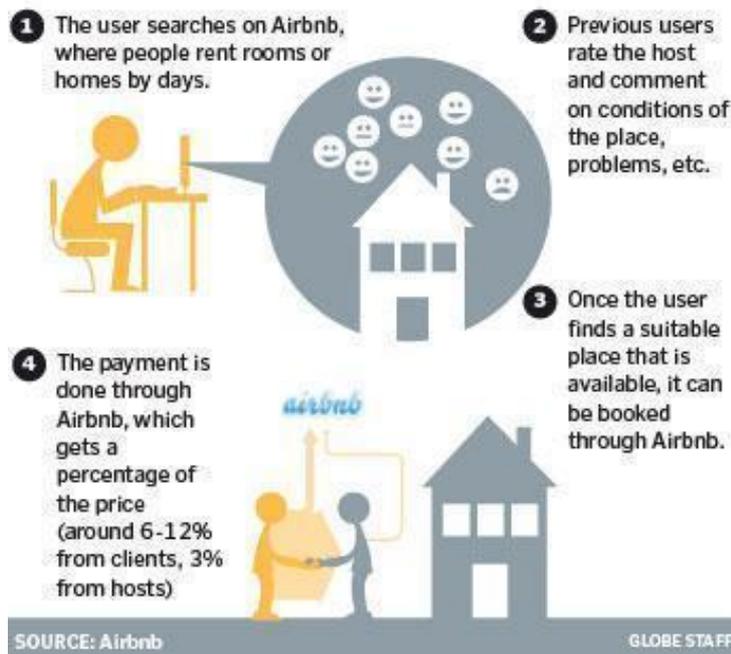


A glimpse at the sharing economy

DOCUMENT 1. Airbnb

How Airbnb works

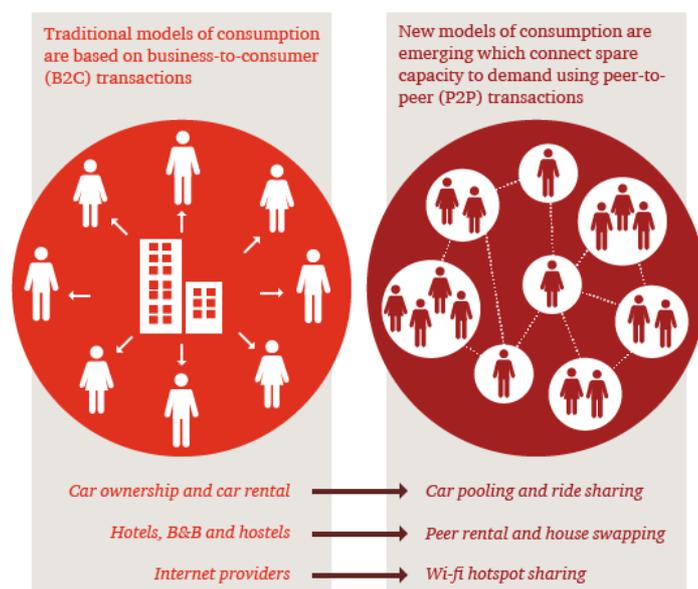


DOCUMENT 2. Definition:

A **Peer-to-Peer**, or **P2P**, Economy is a decentralized model whereby two individuals interact to buy or sell goods and services directly with each other, without intermediation by a third-party, or without the use of a company of business. (<http://www.investopedia.com/terms/p/peertopeer-p2p-economy.asp>)

DOCUMENT 3. The rise of peer to peer networks (The economist)

The rise of peer-to-peer networks



Airbnb is starting to make a dent in New York's hotel demand. (Reuters / Andrew Kelly), Alison Griswold, December 29, 2015

Altogether, 2015 was a good year for the US hotel industry. For the month of November, US hotels improved on three key metrics: room occupancy, average daily rates, and revenue per available room, according to STR Global, a hotel industry research firm. Year to date, hotel performance is also up across the board. But in big US cities, Airbnb is making a more noticeable dent in the hotel business.

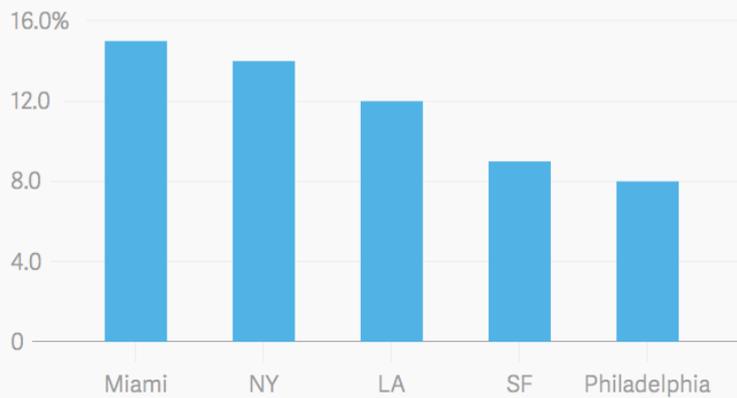
Airbnb's US bookings are disproportionately concentrated in the top metropolitan markets, according to a report from Bank of America Merrill Lynch earlier this month. While the top 10 markets account for only 13% of bookings at traditional hotels, those markets make up 40% of equivalent bookings for Airbnb.

That distribution is important because it means Airbnb is also edging into hotels' territory significantly more in those cities. Across the US, Airbnb represents only about 1-2% of hotel demand. But in some of those top cities, Bank of America estimates that Airbnb makes up closer to



The same is true on the supply side. Nationwide, Airbnb's entire-home and -apartment listings are thought to make up 2-4% of the overall hotel room supply. But in the biggest US markets, those same Airbnb listings account for an estimated 8-

Airbnb room nights available as % of hotel supply



△ T L △ S | Data: AirDNA, STR Global, BofAML Global Research estimates

Share

One city where the hotel industry has been particularly vocal about its Airbnb concerns is New York. In October, the Hotel Association of New York City released a [report](#) from HVS Global Hospitality Services that put Airbnb’s share of local demand at nearly 8%, and its share of revenue at 4.6%, or a “direct loss” to the hotel industry of \$451 million from September 2014 to August 2015.

“There’s not one hotelier in New York City who wouldn’t tell you that this is a real problem for their business,” Shaun Kelley, senior research analyst for gaming, lodging, and leisure at Bank of America Merrill Lynch, said during a recent panel in New York City.

Airbnb has logged tremendous growth since its founding in 2008. Over the summer, the company closed a \$1 billion funding round that [valued it at more than \\$24 billion](#), and projected its 2015 revenue would climb to \$900 million. The company also forecast hitting \$3 billion in earnings before interest, taxes, depreciation, and amortization in 2020.

Despite this rapid growth, Airbnb has maintained that it is not competitive with traditional hotels so much as complementary. Airbnb CEO Brian Chesky has famously shied away from the term “disruption,” and the hotel industry has also embraced the notion that its core base of business travelers [isn’t the same](#) as the people booking vacation jaunts in Airbnb’s housing stock.

US-wide, that might still be the case. But the city-level data on Airbnb’s bookings makes that story a lot harder to believe.

