MOST AIRBNB CUSTOMERS ARE WEALTHIER THAN EXPECTED

A survey conducted by Morgan Stanley shows that travelers using Airbnb, a home-based rental platform, are more affluent than their non-Airbnb counterparts. The service does not endanger hotels but rather the OTAs.

For the time Airbnb has been in existence, many people have considered it to be a lower-cost alternative to hotels. However, according to the 4,000-people survey, it was found that close to 66% of the participants earn more than $75,000 annually. **The summary of the survey notes that the findings are contrary to the belief that Airbnb customers are mostly people with lower incomes like college students.**

The overall demand for Airbnb is expected to rise. According to the survey, the respondents indicated that accommodation prices mattered significantly. For this reason, and the fact that most travelers are leaning more on the wealthier side, it is expected that the demand for Airbnb will go up.

Despite that, the analysts insist that the Airbnb threat to hotels is magnified. The reason they give is that fewer than half of the Airbnb customers use the service rather than booking hotel rooms. Also, on the corporate scale, hotels are winning the day as about 7% of Airbnb travelers stay for a single night compared to 25% at the hotels.

The researchers added that the only thing that could enhance Airbnb's threat to hotels is if the rising unemployment results in more listings on the site. **It is the online travel agencies (OTAs) like Expedia and Priceline, which are more leisure-based, that are more at risk due to the performance of Airbnb more-so if Airbnb lists rooms on its site.**

By Monday 16/11/2015, Expedia shares dropped 2% and those of Priceline dropped 1%. This was majorly due to the Paris attacks. Expedia signed an agreement to buy the vacation rental site HomeAway in November. This could initiate the changing of its pricing structure to look more like Airbnb's.

The analysts have a balanced weight rating on Priceline and Expedia. This means their shares are expected to be in line with the industry in the next 12-18 months.

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