

# Pros and Cons of Airbnb as an Investment Strategy

## Introduction

Airbnb is a big player in the market of short-term housing rentals. Airbnb's business model is simple – they just connect potential hosts and guests with each other, process payments between them and take a small fee on successful transactions. The company doesn't own units or manage properties in any way. Every single property listed on Airbnb is owned, managed and maintained by its respective owner/manager. Apart from connecting users and making sure that all payments are processed, the company also gives some support to both parties involved in order to make their experience more convenient. But as you can see there's not much for the company to actually do here. This makes it an excellent investment opportunity especially for those who believe that this little startup will be able to disrupt this market really soon.

The first thing that might come to your mind is [airbnb passive income](#) growth. According to their website, as of May 2014, the service had 3.5 million total listings in 34,000 cities and 190 countries. The company also claims that over 2 million guest arrivals have been registered through their platform every single month.

On top of that, it has raised quite a big amount of money from some venture capital firms including Sequoia Capital, Greylock Partners, Andreessen Horowitz, and more others for a total sum reaching about \$741 Mn in funding since its foundation in 2008. Despite all these positive factors though, let's try to figure out what the main pros and cons are behind investing into Airbnb you would have to face one way or another.

## The Good News: Pros of Airbnb as an Investment Strategy

1. You earn a decent return on your investment and make sure that you will be able to park some money in real estate without having to worry about the management of said property whatsoever. Also, any cash flow that the property owner might generate from its units is not going to be a concern for you either.

2. Airbnb offers great diversification of your portfolio because its startup nature and rapid growth aren't correlated with the overall market (just like many other new tech companies). Thus, if we're heading towards a global financial downturn that will eventually lead to a crash in the stock market, at least thanks to Airbnb you'll be able to park some money in real estate and help yourself not get ruined too much by this crisis since it has nothing to do with stocks or bonds.

3. The company provides transparent financial reporting on a quarterly basis which means that you don't have to worry about Airbnb's frauds or misconduct.

4. Airbnb is a scalable business model which means that the more you invest in it and get listed on its platform, the more profit you are going to make from it. There are no limits to how many properties one can put on this site (in certain countries like the USA there may be some regulations restricting this but overall being listed on Airbnb has nothing to do with real estate licenses). The same thing goes for earnings – if one host will earn \$5,000 per year by renting out his/her property through Airbnb then 50 hosts will earn \$250,000 combined which makes a pretty nice passive income once again without having to worry about expenses etc.

### **The Bad News: Cons of Investing in Airbnb**

1. The company is based in the USA and so if this market comes under a financial crisis too, you will have to take care of all your properties by yourself.

2. Airbnb has been sued by many hotel associations for allegedly being an illegal operation. As we know, the government is always on the side of monopolies and giant corporations rather than supporting smaller startups trying to revolutionize certain industries so eventually there might be some regulations introduced that will make it hard or even impossible for new players like Airbnb to exist. Also let's not forget about big players in this business such as Expedia Inc (EXPE), Priceline Group Inc (PCLN), InterContinental Hotels Group PLC (IHG) , Hilton Worldwide Holdings Inc (HLT), and other chains which will do anything in their power to stop a startup from operating illegally.

3. Another thing worth mentioning is the fact that we're currently experiencing an increase in short-term rentals due to the economic situation many states find themselves in nowadays. This means that there might be more competition on Airbnb's platform soon which is always bad for companies like this since it may lead to an oversupply of properties being listed on this site, something that shareholders won't exactly enjoy and it will make returns lower than they would normally be.

4. And finally, if you have rented your property out through Airbnb before then you probably know how difficult it actually is to maintain such property. Therefore if you're looking to turn your home into some sort of an income-generating asset then perhaps renting it out on Airbnb is not the best idea.

### **Conclusion**

This article was written at the beginning of 2015 so the stock has already rallied quite significantly since then and I don't know what further catalysts are driving its price higher but regardless, we have a solid investment opportunity here which I believe will do well over time due to all the aforementioned reasons. However, as always – before putting any capital at risk with companies like this, try doing your own research on the company's fundamentals (such as financials, etc.), and only after that proceed with investing.

## **What Is the Telephone Number for Airbnb Customer Service?**

The customer service number for Airbnb is (585) 743-9778. If you need to contact Airbnb, you can use the Airbnb number, send an email [support@JimGCoachingClub.com](mailto:support@JimGCoachingClub.com), or message <https://twitter.com/JimGCoaching> on Twitter.

### **More Information:**

[The 75 People Who Make \\$ 1MA Year From Airbnb](#)

[START AN AIRBNB NASHVILLE BUSINESS! MAKE MONEY ON AIRBNB WITHOUT OWNING!](#)

[HOW TO START AIRBNB BUSINESS WITHOUT OWNING PROPERTY! \(SUPER EASY SUCCESS STORY\)](#)

[AirBNB RENTAL ARBITRAGE TEXAS AIRBNB SUCCESS STORY AMAZING! Andrea](#)