

May 2016

PASSION FOR HOSPITALITY

MAY 2016


HOTELS

PROFILE: ELEGANCIA, PARIS

DESIGN: FAENA HEATS UP MIAMI

PIPELINE: INDIA REVIVAL

SPA'S
NEW
PURPOSE

A portrait of Vijay Dandapani, a man with dark hair, wearing a light blue button-down shirt under a grey blazer. He is smiling slightly and looking towards the camera. The background is a textured, light-colored wall.

Apple Core Hotels' Vijay Dandapani calls Airbnb a de facto hotel company.

WHERE THERE IS SMOKE...

An independent analysis conducted by STR and released in February suggested that there is no direct correlation between Airbnb's presence and hotel performance in New York City. Taking it a step further, the study stated that during strong demand nights for Airbnb units, there was no pattern of adverse effects on hotel occupancy or average daily rate.

Vijay Dandapani, president of Apple Core Hotels, vice chairman of the Hotel Association of New York City and a vocal opponent of Airbnb's "illegal hotels," questions the STR data. He cites research by CBRE Hotels, which noted that during a 12-month period in the U.S. that ended September 2015, Airbnb users spent US\$2.4 billion on lodging, more than 55% of which was spread over five big cities.

Dandapani says the CBRE report shows that Airbnb's impact on hotels is at least twofold: ADR growth will continue to be stymied and hotel construction will be curbed. It also makes the lens for development more murky as it is almost impossible to guess when new, "active" hosts will enter a market in response to compression, given that the development window for an Airbnb unit is mere hours.

"In the end, the idea of attaining a level playing field is one that is simply unachievable, even if Airbnb and its many smaller cohorts end up with the regulatory framework they are seeking so long as they operate as de facto lodging facilities and not the occasional home-renter model they claim as their business model," Dandapani says. —JW