



Transactions

Airbnb makes play for Oyo investment

by Jena Tesse Fox | Mar 20, 2019 3:03pm



Investing in Oyo would give Airbnb a stronger stake in the lucrative China and India markets. Photo credit: Oyo Hotels

Just days after announcing its plans to **acquire travel app** HotelTonight for more than \$400 million, home-sharing giant Airbnb apparently is setting up another major investment.

The company has cast its eyes on Indian hotel-management startup Oyo, according to tech website **The Information**, and is looking to acquire a significant stake for what could be between \$100 million and \$200 million.

An Oyo spokeswoman told the site that the company “is working closely with a range of global distribution partners such as Airbnb and other regional and global players,” and that none of these relationships are “exclusive in nature.”

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Two Startups, Two Markets

If completed, the deal would give Airbnb a leg up in both India and China, two markets where the home-sharing company has traditionally faced challenges. (According to [Business Today](#), only 5 percent of Airbnb's listings are in China and fewer than 1 percent are in India.) Airbnb [created](#) Aibiyong several years back in order to operate in China, but has still lagged behind local businesses like Xiaozhu and Tujia. In late 2017, Nathan Blecharczyk, Airbnb co-founder/chief strategy officer, said that China's [notorious technology restrictions](#), which block access to sites like Google and Facebook and anything else the government would rather locals not see, make it difficult for online businesses like Airbnb to grow.

Oyo, valued at \$5 billion by existing investors, has raised nearly \$1.5 billion to date from SoftBank, Sequoia Capital and Grab, among others. By room count, it is reportedly the largest hotel company in India, and expanded into China in November 2017. A year later, the company had 180,000 rooms and more than 4,000 hotels in major cities like Hangzhou, Xian, Nanjing, Guangzhou, Chengdu, Shenzhen, Xiamen and Kunming under franchise, manchise (a hybrid of franchise and management) and lease agreements, making it one of China's top-five hotel chains.

Last November, Oyo Hotels and Homes founder and group CEO Ritesh Agarwal said that during the company's last round of funding, the team committed approximately [\\$600 million](#) to the China market, of which \$300 million will be used for renovation and infrastructure investments. He noted additional investment will help the company drive the next wave of growth in China, which is already ahead of India, he claimed, adding as many as [30,000 rooms per month](#).

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Blecharczyk recently told **PTI** that India is an "important business opportunity" for the company, especially for business travelers. "Currently, we have about 6,500 companies in India who have signed with Airbnb for business travel. So, there is a lot of traction here," he said.



The home-sharing company may face challenges in wrapping up the deal, though, because it would have to overcome "tax-related complexities" to invest in a foreign startup.

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