

Airbnb, Inc. (NASDAQ: ABNB)

Equity research report · 19 October 2026 · Price \$173.70 (close 16 October 2026)

Verdict	Watchlist, from fundamentals
Technical read (chart only)	Conflicts. The chart is in an uptrend while the fundamentals say wait, so the stock deserves close watching; the rating does not change on the chart.
Probability-weighted fair value	\$163.5 (-5.9% vs price); base case \$167.4
Price at which the name becomes interesting	\$149-158, equal to 24-25.5 times fiscal 2027 EPS of \$6.20
Investment Score	71.5 / 100 (prior 74.7, restated)
Next dated event	Third-quarter results after the close on 5 November 2026

Summary

The rating stays at Watchlist, and for a plainer reason than last month. In September the shares fell onto fair value. Since then they have risen 4.5% to \$173.70 and moved back above it, while the value of the business has edged down. The weighted fair value is \$163.5, about 5.9% below the price. The base case is worth \$167.4 a share, on fiscal 2027 EPS of \$6.20 at 27 times. At today's price the stock trades at about 28 times 2027 consensus earnings and about 33 times 2026, against roughly 15 times 2027 for Booking Holdings.

Two things have changed. The company launched its fall 2026 release on 30 September, with AI search in the United States, a dynamic pricing tool for hosts due later this fall and a wider set of services. That release goes straight at the two levers this coverage has been waiting to see priced, AI-driven conversion and host pricing, and it is the main development in this report. It carries no adoption or conversion figures yet, and the plausible 2027 earnings effect is small, so it does not move the verdict. The second change is macro. September consumer prices rose 3.7% on the year, gasoline is up 34%, and the ten-year Treasury sits near 5.1% with the Federal Reserve meeting on 27-28 October. That weighs on a discretionary travel business valued at a premium multiple.

The previous report named \$155-168 as the conversion band. The shares touched its top and then rallied out of it. The band now sits at \$149-158, lower because fair value is a little lower and because Valuation now carries a heavier weight in the score. Third-quarter results on 5 November are the next real test, against comparisons management has already called tougher.

What has moved since the last report

Item	20 September report	Now	Read
Share price	\$166.22 (18 Sep close)	\$173.70 (16 Oct close)	Up 4.5%, back above the old band
Weighted fair value	\$167	\$163.5	Lower: base multiple 27x against 28x before, with 2027 EPS at \$6.20 against \$6.00
Price relative to fair value	At fair value	5.9% above	The gap that kept the rating at Watchlist has widened
Investment Score	74.7 (restated)	71.5	Valuation 5 to 4; Valuation weight 20, from 15
Conversion band	\$155-168	\$149-158	24-25.5x fiscal 2027 EPS
Product	AI search in test; host pricing unpriced	Fall release live in the US (30 Sep)	Launched, not yet quantified
Macro	Fed raised rates 25bp; fuel +27%	CPI 3.7%; gasoline +34%; 10-year ~5.1%	Consumer pressure higher

Prices are closing prices. The prior Investment Score is restated on the seven-factor basis, without the former chart factor, for comparability. Factor weights changed on 18 October 2026, so part of the change in the Investment Score reflects the new weights.

Company developments

The window since the last report holds one material product event, a set of smaller service launches and the completion of the fee change in Europe. Broker rating changes and insider filings are covered under Sentiment.

Development	Status and date	What is known	What is forecast (and by whom)	Impact on this thesis
Fall 2026 release: AI search, AI filters and comparisons; host dynamic pricing	Announced 30 Sep. AI search live in the US; dynamic pricing and multi-listing calendar due later this fall	A new search bar takes typed or voice queries across homes, experiences and services. Hosts set a price range and nightly prices adjust to demand and supply. No adoption, conversion or revenue figures disclosed	Bernstein (Outperform, \$217, reiterated 15 Oct) frames the pricing rollout as supportive. Our estimate: 2027 EPS effect of roughly +1% to +4%	High
Host-only service fee in the EEA and Switzerland	Deadline 13 Oct, now passed (US completed 15 Sep)	Hosts pay a single 15.5% fee in place of the split host and guest fee	Effect on GBV, host pricing and take rate not disclosed; first partial read with Q3 on 5 Nov	Medium
Services expansion	Rolling out now through later this year	Groceries with Instacart across the US and Canada (22 Sep); meal delivery in select European cities; laundry with Rinse in select US cities; baby gear with BabyQuip in over 60 US cities from November	No revenue figures; small relative to homes	Low
Social features: Connect, Travel Map, neighbourhood pages	Announced 30 Sep; neighbourhoods start in Paris	Users can connect, share trips and see where connections have stayed	None	Low
Third-quarter results date	Confirmed for 5 Nov after the close; call at 5pm ET	Q3 guide: revenue \$4.69-4.77bn (+15-17%, about 3 points of FX); nights low double digits; adjusted EBITDA margin down slightly from 50%	Management guidance	Medium

Company releases and filings unless attributed. Forecasts are labelled by source.

The fall 2026 release: AI search and host dynamic pricing

What is known. On 30 September Airbnb launched a new AI search bar in the United States that takes typed or spoken requests across homes, experiences and services, with AI filters, AI-written listing summaries, side-by-side comparison of saved homes and AI chat support in more than 50 languages. For hosts it announced dynamic pricing (the host sets a range and nightly prices move with demand and supply), a multi-listing calendar, 3D floor plans and AI earnings insights, all due later this fall. The company cites more than 5.5 million hosts. It gave no adoption, conversion or revenue figures.

Why it matters here. Homes are almost the whole business, and the rate at which searches turn into bookings and the price hosts charge are the two inputs that drive gross booking value. Much of the case for paying a premium over Booking Holdings rests on AI search lifting conversion and on better host pricing. This release is the first time both reach customers at scale. It is High for that reason, even though the measured effect so far is nil because nothing has been disclosed.

What success and failure look like. Success is nights growth holding at or above the low-double-digit Q3 guide into the fourth quarter, a stable or rising take rate, and management attaching a number to search conversion or pricing-tool adoption. Failure is hosts using the pricing tool to cut prices (more nights, lower average daily rate, flat GBV), or a search change that moves traffic around without lifting bookings. The first hard data arrives with Q3 on 5 November and the cleaner read with Q4 in February.

Economics and precedent. The revenue mechanism is GBV: Airbnb keeps about 13.3% of it (Q2 revenue of \$3.61bn on GBV of \$27.2bn). The tools cost little to run on top of existing engineering spend, so most of any lift falls to profit. Dynamic pricing has a mixed record in short-term rentals. Third-party pricing tools are already common among professional hosts, so the gain from an in-house version comes mainly from casual hosts, who are the least likely to switch it on. Booking Holdings and Expedia are building comparable AI trip planning, so the search change keeps Airbnb level rather than

ahead.

Input (our calculation)	Value
Fiscal 2027 revenue, base	\$15.8bn (consensus range \$15.5-15.8bn)
Revenue as a share of GBV (Q2 2026)	13.3%
Implied fiscal 2027 GBV	\$119bn
Incremental pre-tax margin on extra revenue	60%
Tax rate	18% (management guides high teens)
Diluted shares	634m

Our calculation from company-reported Q2 2026 figures and consensus estimates. Inputs are assumptions where stated.

Sized outcomes. A GBV lift of 0.5% in 2027 adds about \$79m of revenue and \$0.06 of EPS; a 2% lift adds about \$316m and \$0.25. Against base 2027 EPS of \$6.20 that is +1% to +4%, worth about \$2 to \$7 a share at 27 times. Failure means zero, or a small negative if hosts lower prices. Consensus very likely includes part of the success case already, and the September analyst upgrades leaned on product momentum. So the effect is more likely to show in the multiple than in earnings: success protects the premium, failure removes a reason to pay it.

What the price assumes, and the verdict test. The bull case (\$208) assumes success; the base case assumes a modest lift already in consensus; the bear case assumes no lift. Without the release the base case would sit about \$2-7 lower, and the verdict would still be Watchlist, because the shares already trade above the weighted value. The development does not change the verdict or the band. It did not move a factor score: Growth Potential stays at 8 because the release is unquantified. **Still unknown:** adoption of the pricing tool, any change in conversion, and whether the tool raises or lowers average daily rates. Q3 commentary on 5 November is the first chance to settle it.

Business and industry

Airbnb runs a two-sided marketplace for short-term stays, and increasingly for experiences, services and hotel rooms. It earns a fee on each booking and holds no property, so revenue tracks gross booking value and most of the cost base is engineering and marketing. North America and Europe make up the bulk of bookings, with Latin America and Asia Pacific growing faster. Its advantages are a unique inventory of homes, a brand that brings most traffic directly and an asset-light model that converts over a third of revenue into free cash flow. Its weaknesses are cyclical leisure demand, regulation of short-term rentals in its densest cities, and a growing risk that AI agents sit between the traveller and the booking site.

Online travel is mature and competitive. Booking Holdings dominates hotels in Europe, Expedia owns Vrbo, and Google controls much of the top of the funnel. Airbnb's position in homes is the strongest in the industry, and its move into hotels, where bookings are growing about three times as fast as homes from a single-digit share, is the main way it can widen its market.

Financials

Metric	Q2 2026	Read for this business
Revenue	\$3.61bn, +17% (+13% ex-FX)	Strong, with a currency tailwind; underlying growth in the low teens
Nights and seats booked	148.3m, +10%	Volume re-accelerated in mature markets
Gross booking value	\$27.2bn, +16% (+15% ex-FX)	Price and mix adding to volume
Net income	\$816m, including a \$77m tax benefit	About \$739m excluding the tax item (our calculation)
Adjusted EBITDA	\$1.26bn, 35% margin, +21%	Operating leverage despite product spending
Free cash flow	\$1.25bn; \$4.83bn trailing, 37% margin	Funds buybacks of \$1.1bn in the quarter
Cash and investments	\$12.1bn at 30 June	Net cash; \$3.4bn left on the buyback authorisation

Company-reported figures from the Q2 2026 results release (filed 6 August 2026). Adjusted EBITDA and free cash flow are non-GAAP company measures.

Management raised its full-year guide in August to revenue growth of at least the mid-teens and an adjusted EBITDA margin of at least 35.5%. For the third quarter it guided revenue of \$4.69-4.77bn, up 15-17% with about three points from currency, nights growth in the low double digits and a margin slightly below last year's 50%. Consensus now sits at about \$5.12-5.31 of EPS for 2026 and \$6.13-6.26 for 2027, with revenue of \$14.0-14.2bn and \$15.5-15.8bn. Reported EPS needs care each quarter because discrete tax and investment items recur. The balance sheet is a strength: net cash, investment-grade debt and buybacks that have kept the diluted share count roughly flat despite heavy stock compensation.

Competitors

Company	Model	Growth	Valuation	Position
Airbnb	Homes marketplace, hotels and services emerging	Revenue mid-teens 2026	~28x 2027 EPS	Leader in homes; net cash
Booking Holdings	Hotels-led agency and merchant model	High single to low double digits	~15x 2027 EPS	Scale leader in hotels, strong in Europe
Expedia (Vrbo)	Hotels, air, packages; Vrbo homes	Mid single digits	Low teens	Vrbo trails Airbnb in homes

Valuation multiples are approximate, on consensus estimates as of 16 October 2026.

Airbnb's premium to Booking Holdings, about 1.8-1.9 times on 2027 earnings, reflects faster growth and a unique supply base. It also leaves the shares exposed if growth converges, which is the core valuation objection carried since initiation.

Management

Management has a good record on guidance, which it raised twice this year, and it has executed a steady cadence of product releases. Capital allocation is disciplined: buybacks absorb dilution and the company carries no meaningful leverage. Insider selling by co-founders continues on a planned schedule, with a Form 4 on 14 October and Rule 144 notices on 13 and 15 October, at a far smaller pace than in August. The open question is disclosure: hotels, AI search and the take rate are discussed in qualitative terms and rarely given numbers.

Growth drivers

Driver	Status and date	Fact or forecast	Likelihood	Impact
Host dynamic pricing and AI search	Search live in US 30 Sep; pricing later this fall	Launch is fact; uplift is our estimate	Medium	Low to medium
Host-only fee structure	US 15 Sep; EEA and Switzerland 13 Oct	Fact; GBV effect not disclosed	Medium	Medium
Hotels	Growing ~3x homes from single-digit share (Q2)	Management commentary	Medium-High	Medium
Services and experiences	Rolling out through year end	Fact; no revenue disclosed	Medium	Low
Buybacks	\$3.4bn remaining at 30 June	Fact	High	Low to medium

Status as announced by the company; likelihood and impact are our assessment.

Risks

Risk	Probability	Severity	Comment
Discretionary travel softens	Medium-High	High	Energy-led inflation (CPI 3.7%, gasoline +34%) and a hiking Fed squeeze household budgets
Multiple compression from ~28x 2027	Medium	High	The stock trades above weighted fair value again
Tougher second-half comparisons	High	Medium	Q3 margin guided down; reports 5 November
Fee change disrupts host pricing or supply	Medium	Medium	Both deadlines passed; no data yet
Dynamic pricing lowers average rates	Low-Medium	Medium	More nights at lower prices would leave GBV flat
Short-term-rental regulation	High	Medium	New York, Barcelona, EU data rules
AI agents disintermediate discovery	Medium	High	Cuts both ways; the fall release is the company's answer
Earnings quality	High	Low-Medium	Recurring tax and investment items in reported EPS

Valuation

Price to forward earnings is the right primary method for a profitable, net-cash marketplace with stable margins, tested against Booking Holdings. At \$173.70 the shares trade at about 33 times 2026 and 28 times 2027 consensus EPS. A fair multiple for low-to-mid-teens EPS growth with this cash conversion is about 27 times 2027 earnings, a premium to the peer that the growth gap supports but no wider. On \$6.20 that gives \$167.4. Weighting the three scenarios gives \$163.5. The stock looks modestly overvalued, by about 6%.

Macro drivers. Two variables matter. The first is real discretionary spending: September retail sales rose 0.8% but the control group that feeds GDP rose only 0.1%, while gasoline is 34% dearer than a year ago and headline inflation is 3.7%. Higher fuel and airfares compete directly with travel budgets. The second is the discount rate on a long-duration growth asset: the ten-year Treasury is near 5.1%, and the Fed, which raised rates in September, meets again on 27-28 October. Airbnb's own balance sheet is rate-insensitive, since it holds net cash and earns more interest as rates rise; the exposure is in demand and in the multiple.

Scenario analysis

Case	Probability	Outlook	Fall release assumption	Fair value
Bull	25%	FY27 revenue ~\$16.6bn (+17%); GBV lifted by search and pricing; hotels scale. EPS \$6.70 at 31x	Success: +2% GBV	\$207.7
Base	47%	FY27 revenue ~\$15.8bn (+12%), nights ~10%, flat take rate. EPS \$6.20 at 27x	Modest lift, largely in consensus	\$167.4
Bear	28%	Energy-led squeeze slows nights to high single digits; margin dips. EPS \$5.60, de-rates to 21x	No lift; pricing tool lowers rates	\$117.6
Weighted	100%			\$163.5

Our scenarios and calculations; fiscal 2027 EPS is diluted.

The bear case carries slightly more weight than the bull case. Since the last report inflation has risen and the policy path has tightened, while the evidence for the bull case is still qualitative: a launch with no metrics and analyst upgrades built on it. The base case keeps just under half the weight because the Q3 guide and consensus point to steady low-teens growth.

Investment scorecard

Criterion	Weight	Score	Basis
Business Quality	15%	 8/10	Asset-light marketplace, 37% free cash flow margin, cyclical demand. Unchanged.
Financial Strength	15%	 9/10	Net cash with \$12.1bn of cash and investments; buybacks absorb dilution. Unchanged.
Competitive Advantage	15%	 8/10	Leader in homes; fall release keeps pace with AI trip planning rather than pulling ahead. Unchanged.
Management	10%	 8/10	Guidance raised twice this year; disclosure on hotels and AI remains thin. Unchanged.
Growth Potential	15%	 8/10	Mid-teens 2026 revenue; fall release unquantified, so no change. Unchanged.
Valuation	20%	 4/10	About 28x 2027 and 6% above weighted fair value, from at fair value. Down 1.
Risk (10 = lowest risk)	10%	 6/10	Net cash offsets a harder consumer backdrop and AI disintermediation risk. Unchanged.
Investment Score	100%	71.5 / 100	Prior 74.7 on the seven-factor basis. Most of the change is Valuation's lower score and higher weight.

Scored 1-10, where 10 is always best, including Risk. Weights: Business Quality 15, Financial Strength 15, Competitive Advantage 15, Management 10, Growth Potential 15, Valuation 20, Risk 10.

Recommendation

Watchlist, unchanged. The grounds have shifted. In September the case for waiting was that the price had only just reached fair value. Now the price is 6% above it, so the margin of safety has gone the wrong way, and the consumer backdrop has weakened. The name becomes interesting at \$149-158, which is 24-25.5 times fiscal 2027 EPS and a 6-11% discount to the base case. The bottom of that band sits just above the 200-day average. The band is meant to be used after the 5 November results, since a move into it on a weak quarter would need the numbers re-checked first. No entry, cut-loss or take-profit levels are published, because the rating is not Buy.

What would change the view

Condition	Direction
The shares trade into \$149-158 with the Q3 numbers intact	Up, to Buy on price
Q3 on 5 November shows nights at or above the low-double-digit guide, margin in line, and a fourth-quarter outlook that holds mid-teens growth	Up
A number attached to the fall release: search conversion, pricing-tool adoption, or the fee change's effect on GBV and take rate	Up
Hotels disclosed as a share of nights with a revenue contribution	Up
The forward premium to Booking Holdings narrowing materially from about 1.85 times	Up
Nights growth falling to high single digits, a Q3 miss against the lowered margin bar, or a declining take rate	Down, to Avoid
A further Fed increase on 28 October alongside persistent energy-led inflation and flat real discretionary spending	Down

Technical read

Chart as of 16 October 2026 close

Verdict: Watchlist, from fundamentals. **Technical read (chart only): Conflicts.** The stock is in an uptrend above a rising 50-day average, which runs ahead of a fundamental case that says wait; watch whether it holds the 50-day near \$172.79, while the rating stays where it is. A break back below the 20-day low of \$149 would bring the chart back in line with the rating.

The chart state is uptrend: the price is above all four averages, the 50-day is rising, and there has been no new 60-day closing low and no close under the 200-day in the past two weeks. Momentum turned up in October, with MACD crossing above its signal line. Volume is fading, with the 20-day average about 8% below the 50-day.

Indicator	Value	Reading
Price	\$173.70	Close 16 October 2026
20-day SMA / EMA	\$162.10 / \$165.88	Price 7.2% / 4.7% above
50-day SMA / EMA	\$172.79 / \$165.17	Price 0.5% / 5.2% above; 50-day rising
100-day SMA / EMA	\$157.69 / \$159.16	Price 10.2% / 9.1% above
200-day SMA / EMA	\$145.00 / \$148.96	Price 19.8% / 16.6% above
RSI (14)	60.9	Neutral, leaning firm
MACD (12,26,9)	0.52 vs signal -1.40	Histogram +1.92, above signal
ATR (14)	\$4.99	2.9% of price
Volume, 20-day vs 50-day	4.6m vs 5.0m	Participation fading (-7.8%)
Support	\$172.79 (50-day), \$149.00 (20-day low), \$145.00 (200-day)	
Resistance	\$193.45 (52-week high)	52-week range \$110.81-193.45

Computed from daily closes over 300 completed sessions to 16 October 2026; RSI and ATR use Wilder smoothing.

The Technical read looks only at the price chart. It does not change the verdict or the Investment Score, and only guides entry timing.

Sentiment

Sell-side sentiment improved further in October. KeyBanc upgraded the shares to Overweight with a \$191 target on 1 October, citing hotels and valuation. Citizens raised its target to \$200, Evercore ISI to \$200 from \$155 (8 October), and Bernstein reiterated Outperform at \$217 with the pricing rollout as support. Gordon Haskett cut its target to \$167 from \$180 (13 October) and Wells Fargo trimmed to \$185 from \$186 while keeping Overweight. The 44-analyst average target is about \$183, roughly 5% above the price, with a range of \$135 to \$220. Insider activity is planned co-founder selling at a modest pace. The overall tone of recent coverage is constructive, and much of that optimism looks to be in the price after the rally.

Final verdict

Would this be worth buying with personal capital at \$173.70? Not yet. The business is excellent, with net cash, a 37% free cash flow margin and a product cadence that is now putting AI search and host pricing in front of customers. The price is the problem. After a rally of 4.5% the shares trade at about 28 times 2027 earnings, nearly twice the multiple of Booking Holdings, and about 6% above a probability-weighted value that leans slightly bearish because the consumer is facing energy-led inflation and a tightening Fed.

The single biggest concern is the combination of a premium multiple and a softening discretionary consumer heading into a quarter management has already flagged as tougher. What would change it is a price in the \$149-158 band, or a Q3 report on 5 November that attaches numbers to the fall release and holds growth in the mid-teens. The fall release is the most important development since the last report, but it is unquantified and does not drive the verdict.

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