

Airbnb Leads \$160 Million Investment Into Hospitality Startup Lyric

Airbnb is the lead investor in a new \$160 million funding round for hospitality startup [Lyric](#). The \$30 billion home-sharing platform was joined by a host of major players in real estate including new investors Tishman Speyer and RXR Realty, as well as existing investors FifthWall Ventures and Starwood CEO Barry Sternlicht.

The Series B financing is about 50% debt and brings Lyric's total funds raised to \$185 million. The San Francisco-based startup declined to discuss its valuation.

Lyric's model is similar to the one WeWork popularized for shared offices. Lyric leases a full floor of an apartment building from the landlord, fills each unit with Instagram-friendly furnishings, and then rents them out like hotel rooms. The company makes money off the spread between what it pays in rent and what it charges travelers.

"The supply and demand of real estate used to move in a rigid cadence. It was like the old Henry Ford quote 'you can have a car in any color you want as long as it is black,'" says Rob Speyer, CEO of developer Tishman Speyer. "To be competitive in 2019, real estate must offer flexibility to the customer, just like any other business."

Lyrics average nightly rate is \$220. Travelers can book one of 500 "suites" through the company's site or on rental marketplaces like Airbnb. They can stay for as few as two nights or try to beat the record of 304. Every Lyric apartment includes a Casper mattress, Frette linens and toiletries from Malin + Goetz. Units feature local touches like Delta blues records in Chicago, Ed Panar photos in Pittsburgh and Cultivar Coffee in Dallas.

"We have seen how hospitality entrepreneurs like the team at Lyric can help deliver amazing experiences and help guests feel like they can belong anywhere in the world," Greg Greeley, Airbnb's president of homes, said in a release announcing the investment. Lyric plans to use the new funds to grow to 2,500 units in 12 months.

For real estate owners, having Lyric absorb units can help get a new rental building to full occupancy faster. Lyric says it pays market rate for the apartments it uses. CEO Andrew Kitchell argues access to guest suites can also be marketed as an amenity for traditional, long-term tenants. His company's presence, Kitchell reasons, eliminates the need for a spare bedroom or keeps a sibling from sleeping on your couch.

"We believe having some percentage of our buildings as shared hospitality, if done right, would be a very valuable addition," says Scott Rechler, CEO of RXR, which is developing 6,000 residential units. "Merchandising them with multiple products that can meet different customers' needs will make the communities more vibrant."

Of course, not everyone likes the idea of random travelers coming and going as they please. Niido, another Airbnb-backed startup, experienced pushback when it took over management of a Florida apartment building and promised to help residents rent out their spaces short term.

Kitchell, who has worked in real estate technology since 2009, cofounded Lyric in 2014 with president Joe Fraiman. In 2011, Fraiman founded Tastemaker, an interior design startup.

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