

Business

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CLOSING FIGURES FOR WEDNESDAY, FEBRUARY 21, 2018

DOW Close: 24,797.78	-166.97 ▼	RUSSELL 2000 Close: 1,531.84	+1.85 ▲
S&P 500 Close: 2,701.33	-14.93 ▼	10-YEAR NOTE Close: 2.95	+0.06 ▲
NASDAQ Close: 7,218.23	-16.08 ▼	CRUDE OIL Close: 61.68	-.11 ▼

AIR TRAVEL

JetBlue drops 12 online travel sites

Budget airline's shift part of plan to save \$20M in sales expenses.

By **Mary Schlangen**
Bloomberg News

JetBlue Airways has withdrawn its flights from a dozen online travel sites in the first phase of a broader effort to trim \$20 million from its ticket-selling expenses.

JetBlue is remaining with larger agencies, including Priceline.com and Expedia, along with Expedia's Travelocity.com and Orbitz.com units. The airline favors sites like Kayak Software Corp.'s Kayak.com, where consumers compar-

ison-shop for prices and schedules, then are redirected to their chosen airline's website to book their travel.

The changes are the latest skirmish between airlines and online travel agencies that sell tickets based on fare and flight data provided by global distribution systems, or GDS. Carriers in general pay five times more for a typical booking made through such travel sites than on their own website, said Henry Harteveltdt, founder of Atmosphere Research

Group. Airlines are trying to get more control over the information and the so-called distribution costs involved.

"It tends to be the lowest-revenue customers coming through in a market where we pay the same distribution costs for a customer paying \$39 as one paying \$339," Marty St. George, JetBlue's executive vice president for commercial and planning, said in an interview. "Distributing really low fares through these channels is very, very expensive for us."

Online travel agencies depend on global distribution systems to provide the price and schedule data used by many consumers to purchase airline tickets. The GDS companies historically have collected fees from the airlines for handling that fare and flight data, then share the fee with sites that sell the tickets. That means selling a ticket through such sites is more expensive than other options.

Sabre Corp. and Travelport Worldwide Ltd. are the largest U.S.-based GDS operators, while Amadeus IT Group SA operates primarily in Europe. The three handle about 90 percent of world-

wide airline data distribution.

A typical reservation having 3.2 flight segments and made through a GDS-dependent site would cost a carrier \$10.40, excluding agency incentives or commissions, Harteveltdt said. That same trip would cost an airline less than \$2 to process through its own website or mobile app, he said.

The "overwhelming majority" of JetBlue's bookings come from its own website, St. George said. Southwest Airlines Co., the biggest discount airline, has never sold tickets online outside of Southwest.com.

IN BRIEF

Priceline changes name to Booking Holdings

Priceline Group is changing its name to Booking Holdings, more in line with its global presence and a recognition that the vast majority of the company's revenue comes from Amsterdam-based unit Booking.com.

Priceline, best known in the U.S. for its now-defunct name-your-own-price offer promoted by actor William Shatner, bought Booking.com in 2005 for about \$133 million. It now accounts for an estimated 80 percent of the company's annual revenue of about \$11 billion, making it one of the most successful acquisitions in internet history.

While Booking.com is well known around the world, the brand has less of a presence in the U.S. Priceline has been pouring resources into marketing it in the country, working to compete with upstarts like Airbnb as well as traditional rival Expedia. Rebranding the parent company as Booking Holdings reinforces for investors that Booking.com is the center of the company, Chief Executive Officer Glenn Fogel said in an interview.

"The company's evolved significantly over our 20 years," Fogel said. "There isn't the awareness of how big our business is."

Expedia sinks as storms eat into profitability

Expedia Inc. dropped almost 8 percent in post-market trading after the online travel agent said quarterly results were buffeted by hurricanes over the key summer season.

Bellevue, Washington-based Expedia posted profit excluding certain costs of \$2.51 a share, missing analysts' average forecast of \$2.62 a share. Revenue was \$2.97 billion in the quarter, compared with the average estimate of \$2.98 billion.

The travel industry relies on the busy summer season for its biggest infusion of revenue every year.

The company said "recent natural disasters" dented the quarter's profit by between \$15 million and \$20 million.

The U.S., which is Expedia's most important market, saw a series of devastating hurricanes strike during August and September, hitting the Gulf Coast, Caribbean, Florida and Puerto Rico. Cost of revenue also increased 10 percent from the same period last year, showing Expedia had to spend more on advertising and technology to lure travelers to its websites.

Priceline Group Ltd.'s Booking.com is pushing into the U.S., taking on Expedia on its home turf.

AT&T loses bid to obtain White House call logs

A federal judge blocked AT&T's move to obtain communication logs between the Justice Department and the White House on Tuesday, hampering the phone giant's argument that politics played a role in the government's decision to halt a proposed \$85 billion merger with Time Warner. It is a big win for the Justice Department, which would like to avoid attention on the role of politics in its decision to stop the deal.

The merger would transform the media landscape by combining a television and movie giant with one of the nation's biggest media distributors.

From wire reports

REAL ESTATE

January mansion sales in Palm Beach County soar

Month saw 28% spike in sales of homes priced at \$1M-plus, Realtors say.

By **Jeff Ostrowski**
Palm Beach Post Staff Writer

Palm Beach County's typical house sold for \$325,000 in January, a 4.8 percent increase from a year ago, the Realtors of the Palm Beaches and Greater Fort Lauderdale said Wednesday.

While the overall market has been in a holding pattern, mansion sales rose sharply. Realtors reported 104 sales of homes priced at more than \$1 million in January, a 28 percent spike from January 2017.

Jeffrey Levine, a West Palm Beach broker and president-elect of the Realtors association, called the increase "remarkable."

However, there are still signs of softness in the mansion market. Homes priced at \$1 million or more needed 205 days to go to contract, compared with just 32 days for houses priced at \$250,000 to \$300,000.

And super-luxurious listings can languish for years. For instance, the oceanfront palace at 1071 N. Ocean Blvd. in Palm Beach has been on the market since March 2015. After three years and four price cuts, it's listed at \$64.9 million.

Meanwhile, Palm Beach County's condo market perked up in January. The median price jumped to \$170,000, up 13 percent from a year ago, and the number of sales rose nearly 8 percent.

Nationally, home prices rose 5.8 percent to a median of \$240,500, the National Association of Realtors said Wednesday. January's



The Palm Beach Board of Realtors this week lists eight properties under contract priced above \$10M, including this seven-bedroom estate at 254 Tangier Ave. Its asking price is \$14.9 million. CHRISTIAN ANGLE REAL ESTATE

price increase marked the 71st consecutive month of year-over-year gains.

But NAR Chief Economist Lawrence Yun lamented the lack of inventory and price increases that are outpacing wage growth.

"It's very clear that too many markets right now are becoming less affordable and desperately need more new listings to calm the speedy price growth," Yun said.

Nationally, there's just a 3.4-month supply of homes for sale, a

statistic that reflects a strong sellers' market. Buyers have an easier time in Palm Beach County, where there's a 5.3-month inventory of houses for sale and a 6.2-month stockpile of condos and townhouses.

A six-month supply is generally considered a balanced market, one that favors neither buyers nor sellers.

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WALL STREET

Stocks down, but dollar up on the Fed's minutes

By **Jeremy Herron**
and **Kailey Leinz**,
Bloomberg News

U.S. stocks erased gains to end lower for a second day, while the dollar jumped with Treasury yields on speculation that the pickup in inflation signaled by data since the Federal Reserve's last meeting will force a faster tightening.

The catalyst for the late-day sell-off was Fed meeting minutes that painted the picture of a central bank increasingly confident that

economic growth will pick up steam but still concerned inflation could miss targets. The initial reaction saw stocks jump with bonds, while the dollar fell.

Assets reversed course as investors pointed to economic data subsequent to the gathering that upend the idea of lagging inflation. The S&P 500 index erased a gain that topped 1 percent to finish at a one-week low and Bloomberg's dollar index climbed a fourth day. The 10-year Treasury yield rose to 2.94 percent.

"What we're seeing on the committee on the growth side is consistent with the fact that there's clear upside risks to the forecast that they have embedded from December," James McCann, senior global economist at Aberdeen Standard Investments, said by phone. "A revision of those to be consistent would probably require them to put a little more policy tightening into the mix."

When officials next convene March 20, they will consider for the first time a January jobs report

that indicated rising wages and consumer prices that surged faster than forecast last month, two data points that belie their concern that inflation will lag.

Investors have also been watching a deluge of Treasury sales that are slated to put \$258 billion up for auction this week. Surging rates gave impetus to one of the steepest equity sell-offs in years two weeks ago. While investors seem to have adjusted to 10-year yields at a four-

Markets continued on B7

TRAVEL

Sources: Airbnb doubles revenue to \$1 billion

By **Olivia Zaleski**
Bloomberg News

Airbnb doubled net revenue in the third quarter and remains on a profitability streak, as the business builds toward an initial public offering expected next year, according to people familiar with its financial results.

The home-rental company has maintained a steady profit before interest, taxes and amortization for at least 17 months, said the people, who asked not to be

identified, in discussing the private company's earnings. In the quarter that ended in September, Airbnb pulled in about \$1 billion, up from \$500 million in the same period last year, one of the people said.

Morgan Stanley raised concerns about Airbnb's growth last week. A report from the firm said the frequency of bookings slowed, based on an online survey of 4,000 customers from the U.S., U.K., France and Germany. The survey didn't include Latin

America and Asia. Airbnb's growth in those two regions has put the company on track to end this year with 60 percent more bookings than last year, two people said. Asia saw an 80 percent increase in bookings since late last year, and Latin America grew 150 percent, said one of the people.

Profitability and revenue growth are important metrics for the nine-year-old travel upstart, which is under pressure to justify its private valuation of \$31 billion. Airbnb first became profitable

during the second half of 2016. Airbnb Chief Executive Officer Brian Chesky has said his company would be ready to file for an IPO next year.

In addition to expanding globally, the San Francisco-based company is experimenting with new product categories like luxury accommodations, Airbnb-branded apartment buildings and guided tours. Last year, Airbnb introduced a service that sells hat-making classes, truffle-hunting trips and other tourism experiences.