Airbnb Investment Opportunity Analysis – Mexico City

Project Overview

This report presents an analytical evaluation of Airbnb investment opportunities within Mexico City. The objective of this project is to identify high-potential neighborhoods for short-term rental investment using data-driven insights. The analysis integrates Python for data preparation, SQL for structured KPI computation, and Tableau for executive-level visualization.

The study simulates the perspective of a real estate investor seeking optimal locations based on demand strength, pricing power, competition intensity, and composite return metrics.

Purpose of the Analysis

The analysis aims to evaluate neighborhood-level performance across Mexico City by measuring demand concentration, occupancy stability, revenue potential, and market saturation.

The goal is to support strategic investment decision-making through a structured and quantitative evaluation framework rather than descriptive statistics alone.

Methodology

Data cleaning and validation were conducted using Python (Pandas), including data type corrections, removal of inconsistencies, and standardization of neighborhood names.

Key performance indicators were calculated using SQL, including:

- Average occupancy rate

- Average nightly price

- Estimated monthly revenue

- Number of active listings (competition level)

- Total reviews per neighborhood (demand proxy)

A composite ROI score was constructed to rank neighborhoods. The score combines normalized values of:

- Occupancy rate (40%)

- Estimated monthly revenue (40%)

- Inverse competition intensity (20%)

All variables were scaled between 0 and 1 before weighting to ensure comparability. The resulting composite index provides a relative ranking of investment attractiveness across neighborhoods.

Key Findings

1. Demand Concentration

Roma Norte demonstrates the strongest demand concentration based on review activity and occupancy performance.

2. Revenue & Pricing Strength

Narvarte, Condesa, and Polanco exhibit strong revenue performance, driven by higher pricing power and consistent occupancy levels.

3. Competitive Dynamics

Polanco and Condesa show high demand relative to competition, while some neighborhoods reflect greater competitive pressure.

4. Investment Ranking

Based on the composite ROI score, Roma Norte, Narvarte, and Coyoacán rank as the most attractive investment zones within Mexico City.

Limitations

This analysis relies on review activity as a proxy for booking demand, which may not fully capture actual occupancy behavior.

The dataset represents a static snapshot and does not incorporate seasonality, macroeconomic factors, or regulatory changes.

Financial costs such as property acquisition, taxes, and operational expenses were not modeled; therefore, the ROI score reflects relative opportunity ranking rather than absolute return.

Conclusion

Airbnb performance in Mexico City varies significantly by neighborhood. Roma Norte, Narvarte, and Polanco demonstrate superior demand, occupancy stability, and revenue potential.

The composite ROI model confirms that location-specific strategy is critical for maximizing short-term rental performance. Investors should prioritize high-demand zones with strong pricing power while carefully evaluating competitive density.

Recommendations

Investors should focus on neighborhoods with strong demand-to-competition ratios and consistent occupancy rates.

Entire home/apartment listings in high-demand neighborhoods are positioned to achieve superior revenue performance compared to private-room listings.

A refined investment model incorporating acquisition cost, regulatory considerations, and seasonal trends is recommended for future analysis.