

**All good in Allston**

# **Sarah's Allston Investment: Maximizing ROI**

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## Profile & Investigation Overview

### Client Overview:

- Sarah
- Located in Buffalo, NY
- Home in Allston, MA
- Nursing Student
- Looking to maximize ROI of investment property

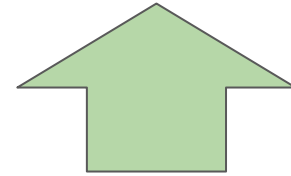
### Questions to Investigate:

- Do short-term AirBnB rentals or long term lease agreements provide a better ROI?
- With the better option in mind, how can we maximize the cost?

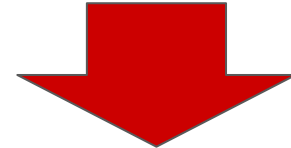


## Sarah's Goals - Summarized

**ROI**



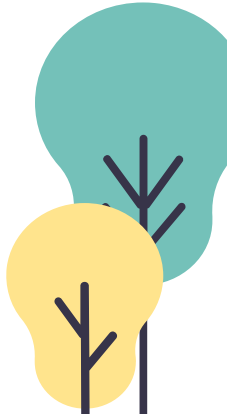
**Time Investment**







## Legislation & Other Assumptions

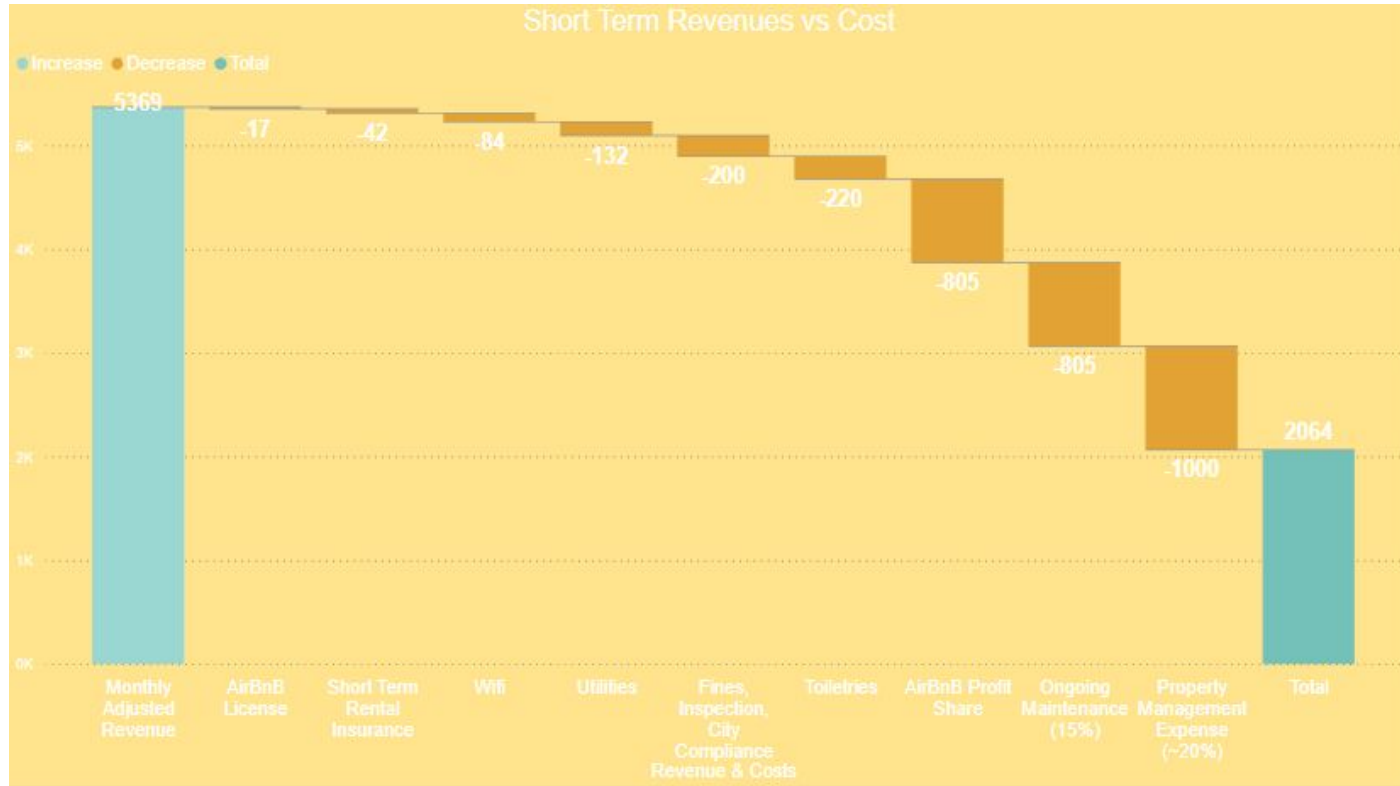
- Legislation:
  - Boston heavily regulates AirBnB
    - Registration Fees
    - Local Contact
- Other Assumptions:
  - Property Management
  - Utilities
  - AirBnB Occupancy Rate



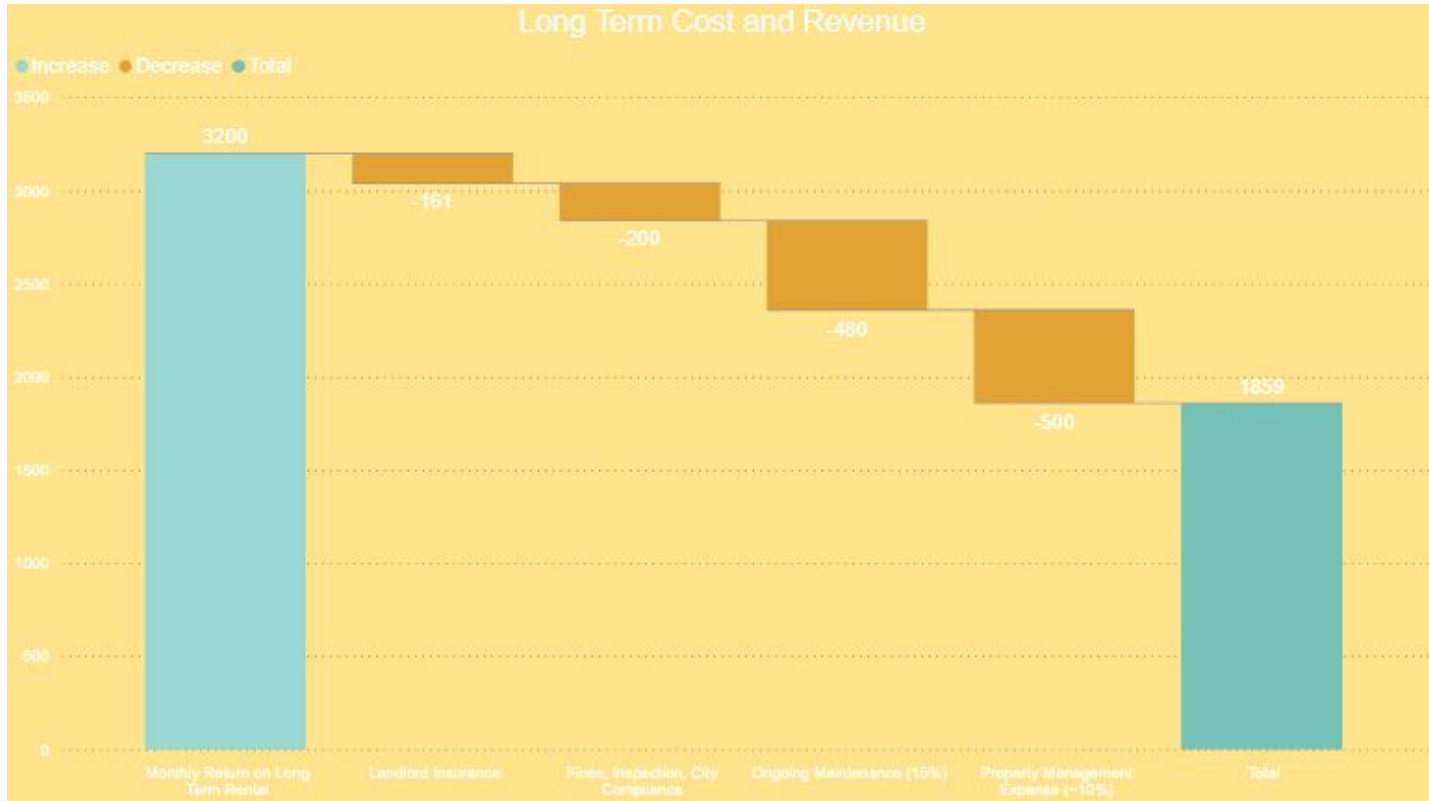
## Short Term vs Long Term - the Math

Monthly Return on Short Term Rental	\$ 10,737.76		Monthly Return on Long Term Rental	\$ 3,200.00
Occupancy Rate	50%			
<b><u>Short Term Rental</u></b>			<b><u>Long Term Rental</u></b>	
Monthly Adjusted Revenue	\$ 5,368.88		Monthly Recurring Revenue	\$ 3,200.00
Property Management Expense (~20%)	\$ (1,000.00)		Property Management Expense (~10%)	\$ (500.00)
AirBnB Profit Share	\$ (805.33)		Ongoing Maintenance (15%)	\$ (480.00)
AirBnB License	\$ (16.67)		Landlord Insurance	\$ (161.00)
Wifi	\$ (84.00)		Fines, Inspection, City Compliance	\$ (200.00)
Short Term Rental Insurance	\$ (41.67)			
Ongoing Maintenance (15%)	\$ (805.33)			
Toiletries	\$ (220.00)			
Utilities	\$ (132.00)			
Fines, Inspection, City Compliance	\$ (200.00)			
<b>Net Recurring Return</b>	<b>\$ 2,063.88</b>		<b>Net Recurring Return</b>	<b>\$ 1,859.00</b> 

## Short Term



## Long Term Lease Agreement

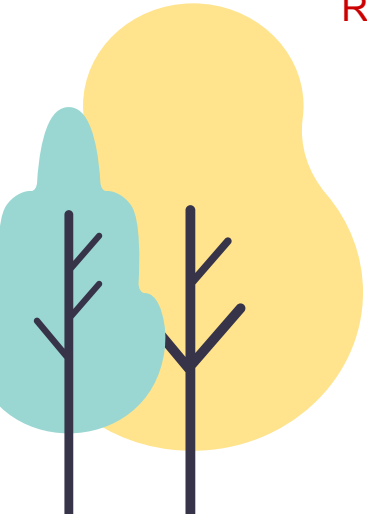




## Cost & Benefits

- Cost Difference of \$204 for Short-Term
- Let's look at the benefits of Long-Term
  - Less vacancy risk
  - Less regulation from both city of Boston and AirBnB
  - Difference in how the home is treated
  - Time investment - less with leasing

Recommendation: Long Term Leasing





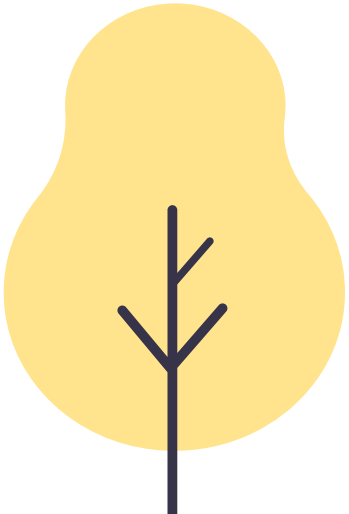
# **How Can We Maximize the Value of the Long Term Lease?**





## Maximizing Lease Price - How Can We Investigate?

- Data for private homes in Allston
- Filtered for listing allowing stays of  $> 365$  days
- Compare the correlation of specific amenities to the price



## Amenities to Investigate:

- A/C - ↓ -\$27.00
- Parking - ➡ \$22.00
- Wifi - ↑ \$50.00
- Laundry - ➡ \$4.00

\* Associated change in nightly rental price for Allston listings allowing stays over 365 days \*



## Additional Leasing Option - Boston University

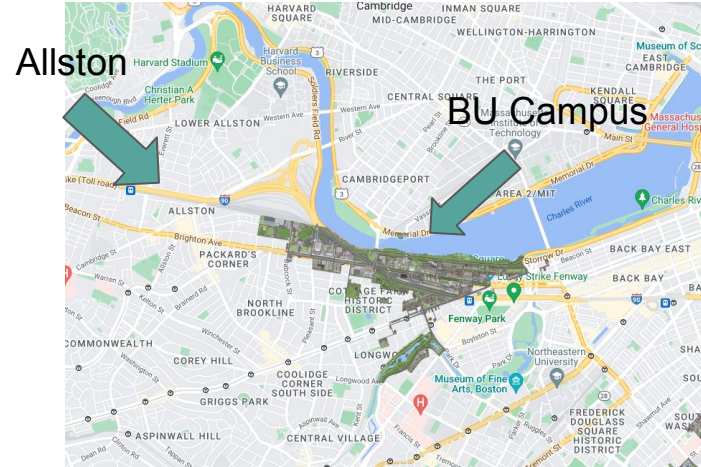
Average 2 Bedroom Rent for Boston University Off-Campus Housing\*:

**\$3,500**

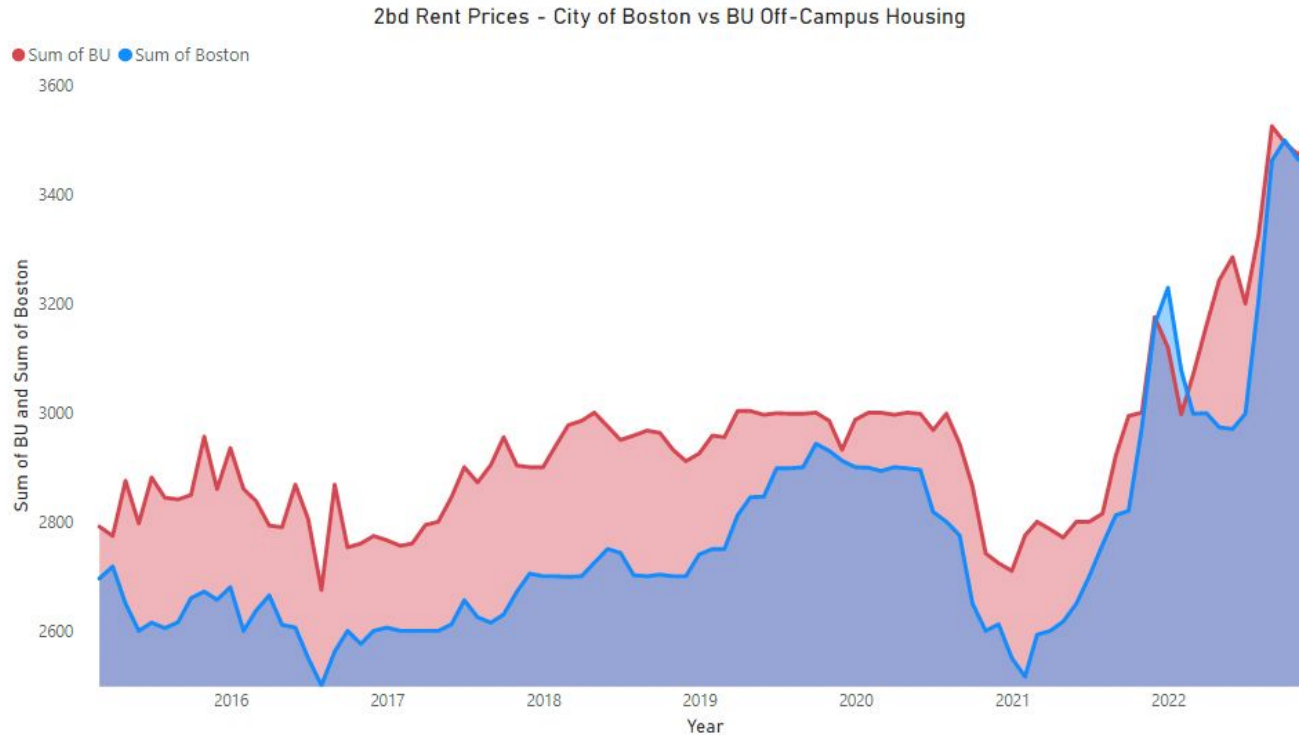
Monthly net Increase from student housing:

+ **\$300**

\*<https://www.zumper.com/rent-research/near-boston-university-ma>



## BU Off Campus Housing



Source: <https://www.zumper.com/rent-research/boston-ma> &  
<https://www.zumper.com/rent-research/near-boston-university-ma>



## Final Recommendation

- AirBnB vs Lease Agreement?
  - *Lease agreement*
- Maximizing Lease Value?
  - Provide parking & wifi
  - *Do not* provide A/C or Laundry
  - Market your listing to BU students



## Citations:

### *Inside AirBnB Dataset:*

- <http://insideairbnb.com/get-the-data/>

### *Supplemental Lease Data:*

- <https://www.zumper.com/rent-research/boston-ma>
- <https://www.zumper.com/rent-research/near-boston-university-ma>
- <https://www.zillow.com/rental-manager/market-trends/boston-ma/>
- <https://www.boston.com/real-estate/renting/2022/09/09/an-in-depth-look-at-the-massachusetts-rental-market-september-edition/>

### *Boston City Legislation*

- [https://www.boston.gov/sites/default/files/document-file-08-2018/short-term\\_rental\\_ordinance.pdf](https://www.boston.gov/sites/default/files/document-file-08-2018/short-term_rental_ordinance.pdf)

### *Expense Costs:*

- <https://www.mass.gov/info-details/tenant-rights>
- <https://www.airdna.co/vacation-rental-data/app/us/massachusetts/boston/overview>
- <https://www.7hillspropertymanagement.com/pricing/>
- <https://www.mysmartmove.com/SmartMove/blog/5-biggest-landlord-mistakes-kill-profit.page>
- <https://www.cnn.com/2019/07/03/is-running-an-airbnb-profitable-heres-what-you-need-to-know.html>
- Wifi - Conner's Boston Xfinity Bill