



VanguardInvestments

Airbnb Real Estate Investment Strategy

Visualisation MSc Business Analytics

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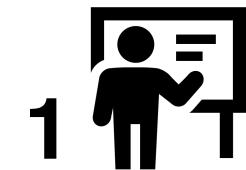
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"Fullscreen Page," NP Photonics Inc. [Online]

AGENDA



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INTRODUCTION

As part of a real-estate investment firm, we have been assigned a project to determine the ideal neighborhood of London to purchase a property and subsequently leasing it through Airbnb.
The Client has given us a few details on the requirements of his purchase.



Requirements:

- Purchase of a one-bedroom property
- Lease property on Airbnb as a full apartment/house and will be available for 365 days a year
- Recuperate initial investment as fast as possible

Data Sources used for this project:

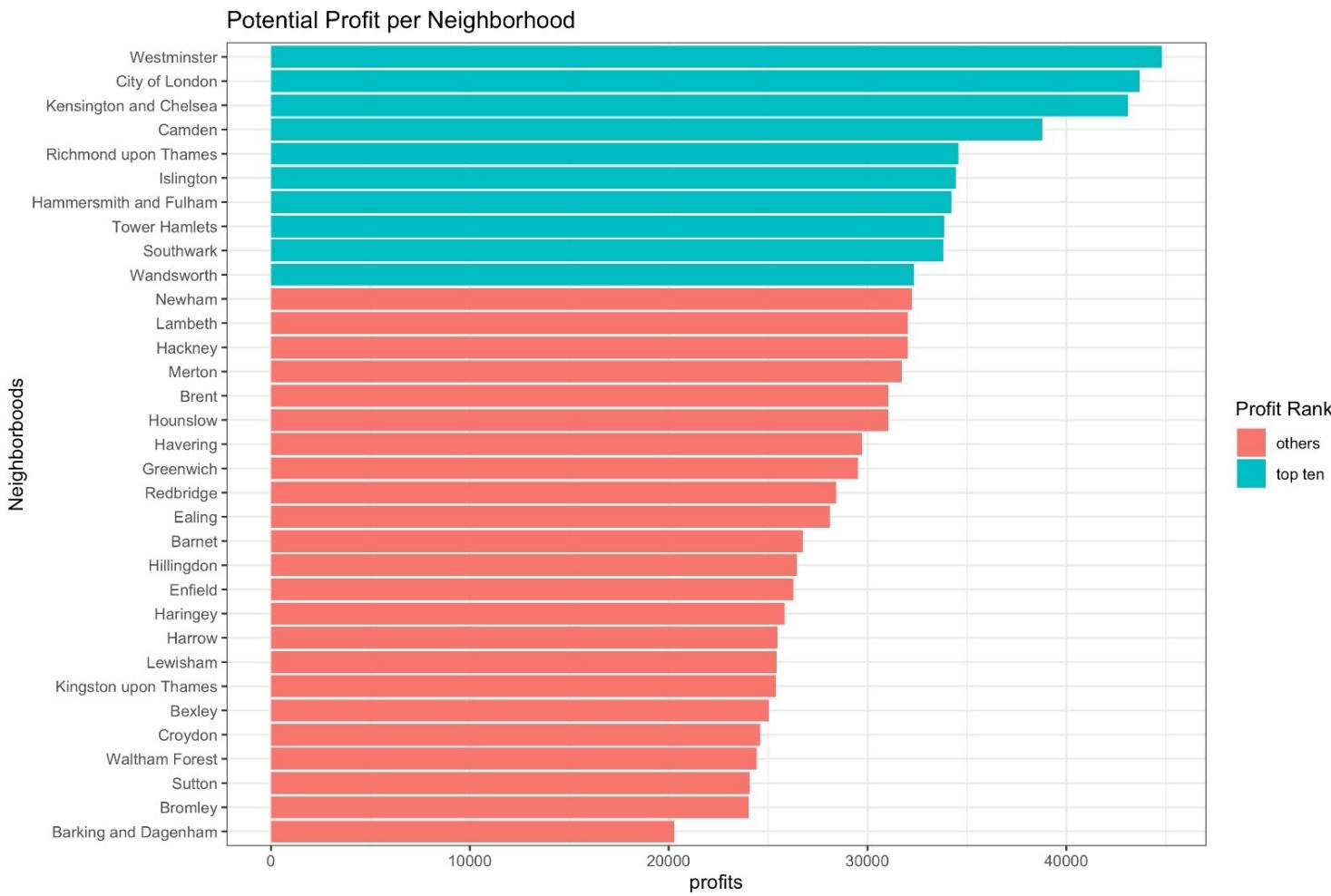
- 1) Airbnb Data : <http://insideairbnb.com/get-the-data.html>
- 2) Housing Data: <https://data.london.gov.uk/dataset/average-house-prices>

PROFITS

The first step of the analysis involves determining which neighborhoods generate the highest profits if rented out throughout the year.

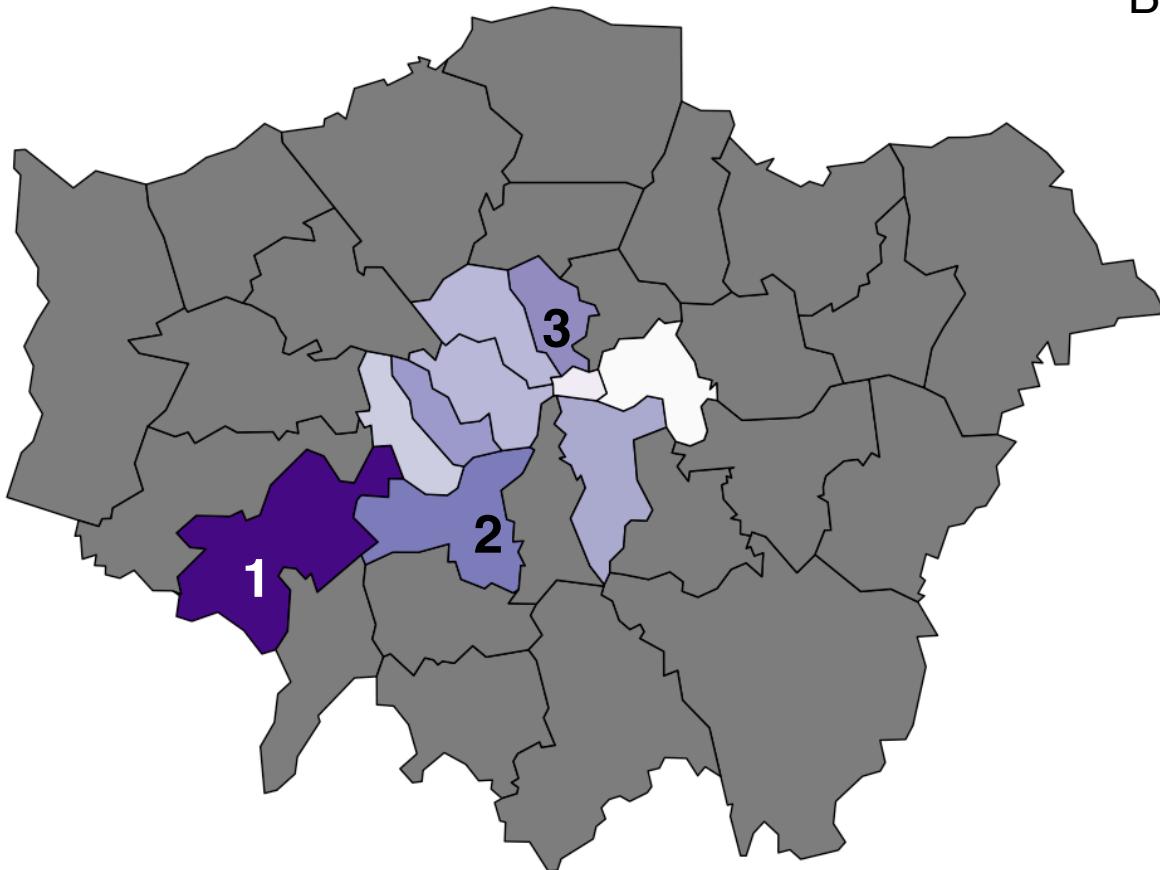
20-40k\$

- Prime central locations generate high profits , however a few less popular places also have a high profit margin

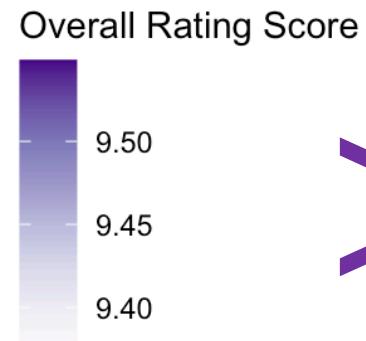


CUSTOMER RATINGS

Overall Rating per Neighborhood



Objective: Find the neighborhood in with the best customer satisfaction.
Better Customer Satisfaction = Higher rate of Occupancy



> 9.45

Top 3:

1. Richmond upon Thames
2. Wandsworth
3. Islington

MARKET PRICES

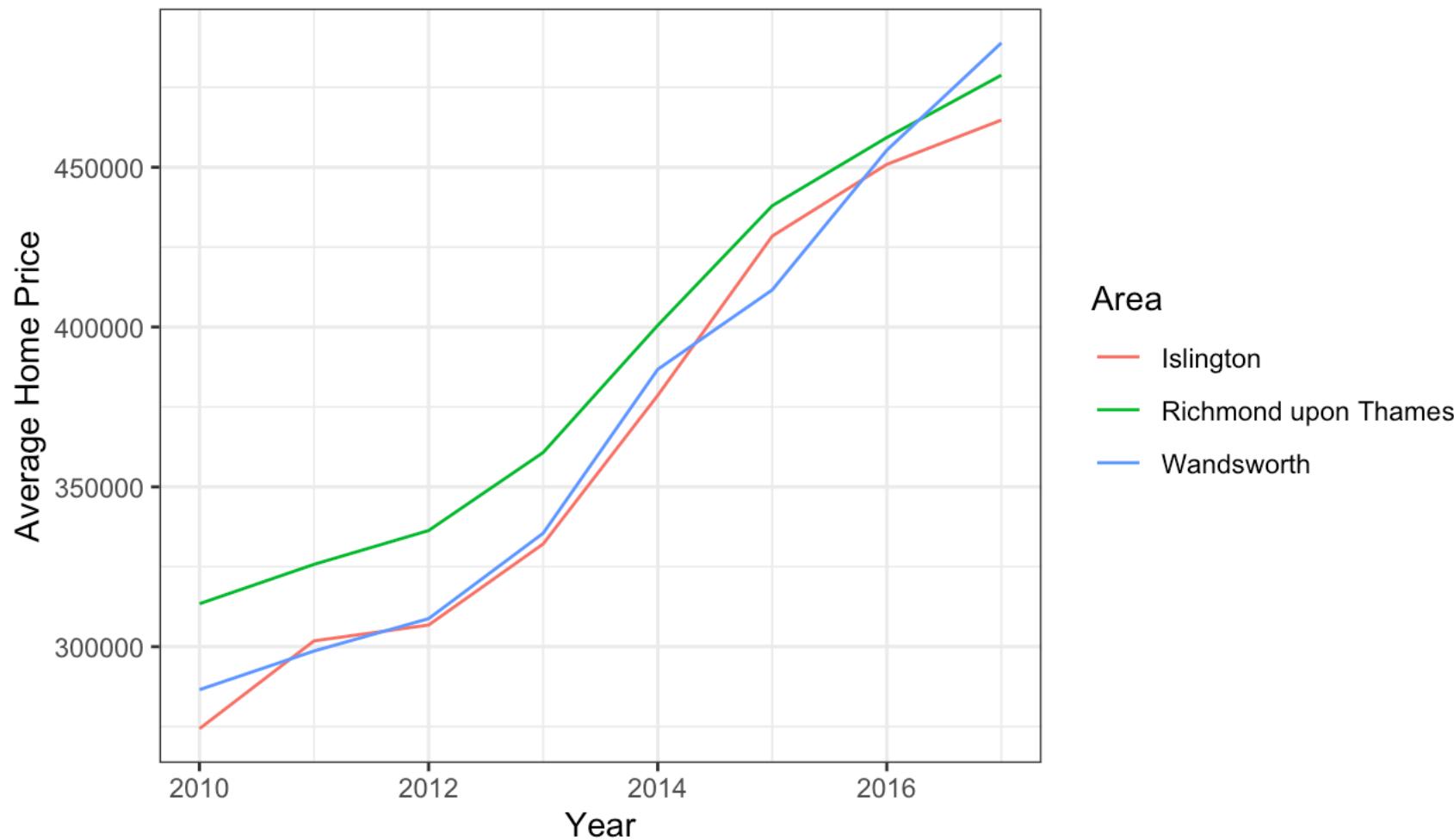
500,000\$

Initial Investment

- Housing prices for 1 bedrooms similar in all three neighborhoods.
- Similar increases in all prices since 2010.

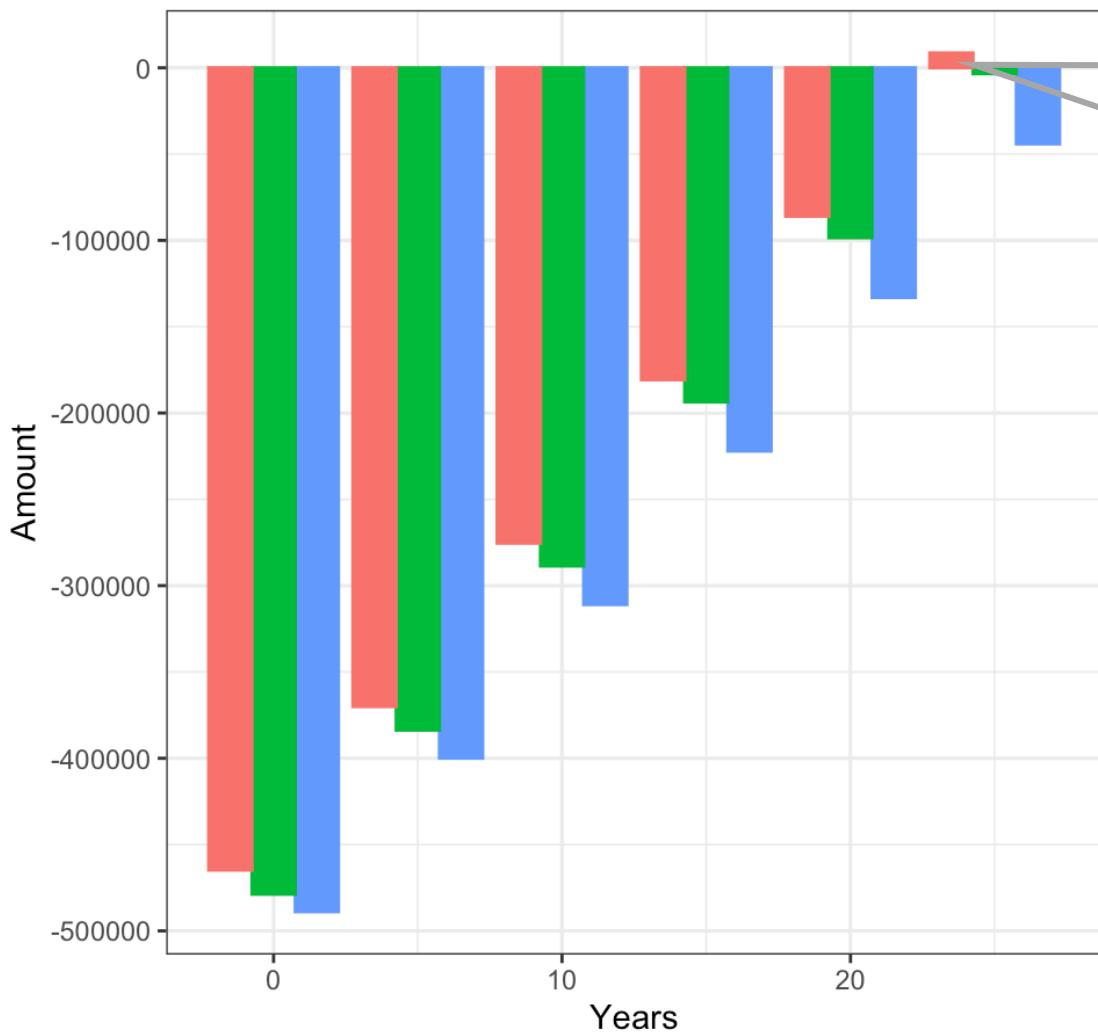
After shortlisting three neighborhoods, the initial investment has to be analyzed

Average Home Price per Neighborhood



MARKET PRICES PAYBACK

Return on Investment



24.7 years
Shortest payback period

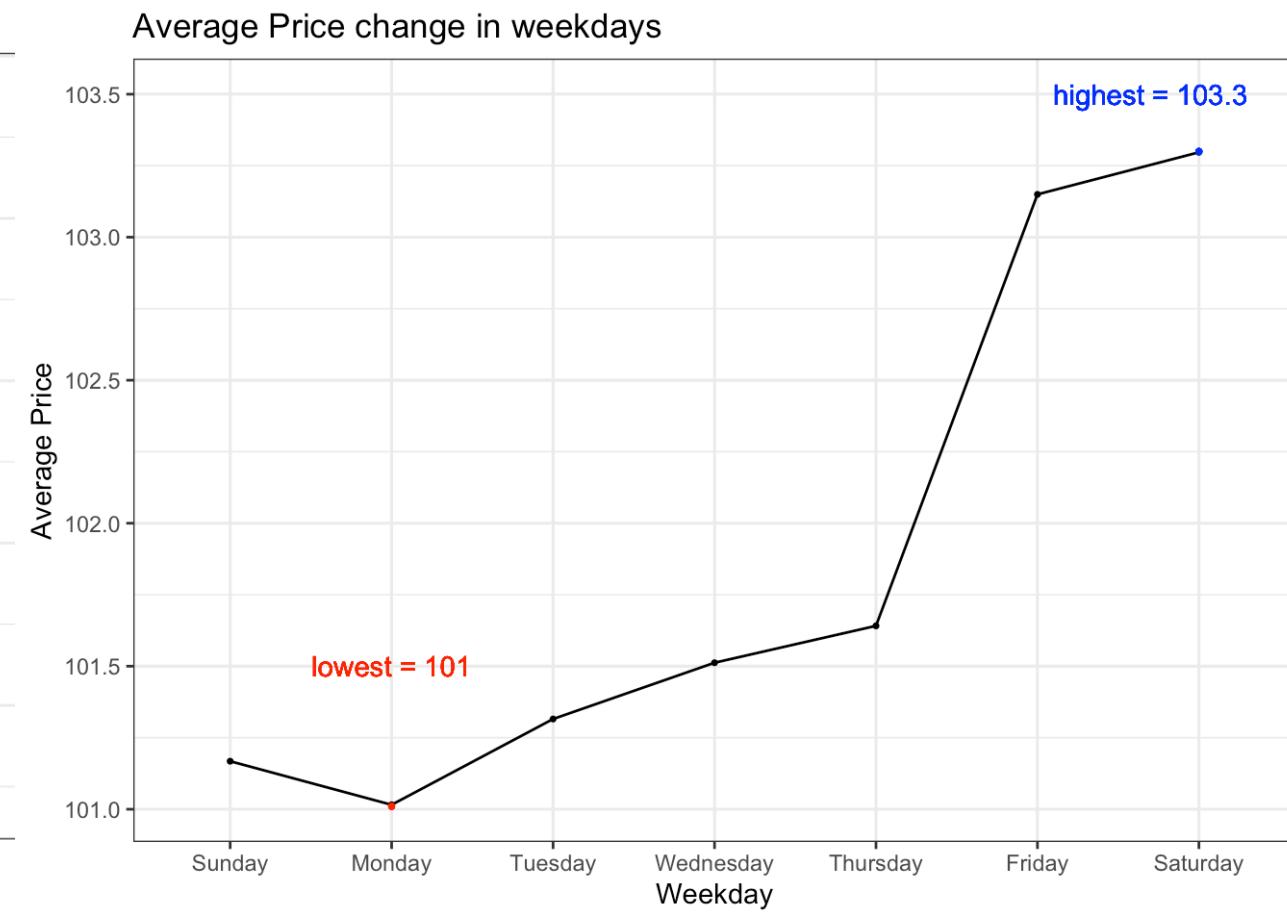
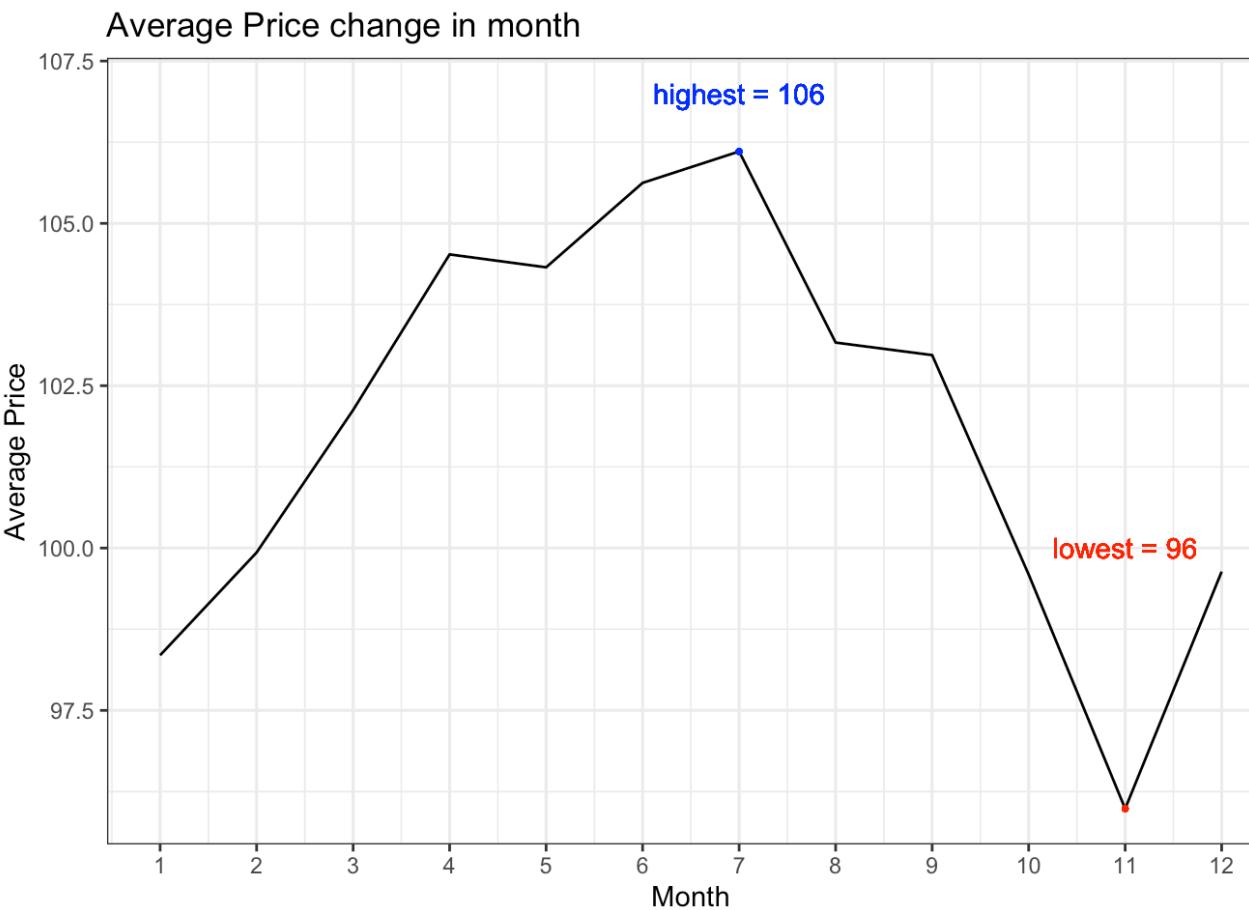
Areas

- Islington
- Richmond upon Thames
- Wandsworth

Selected Neighborhood:
Islington

PRICING STRATEGIES

We want to advise our client on the possible change the rental price of the future Airbnb investment in Islington



Tourists: the listing prices are higher in June, July, August and September, all with an average price above \$103/night.

Tourists/Locals: Friday and Saturday are the time when people finish a week's work for a trip. Hosts increases prices on weekends.

AMENITIES

Main Amenities to make an Airbnb attractive include:

- Alarm
 - Heating
 - Wi-Fi
 - Workspace
 - Iron
 - Hangers
 - Smoke Detector

Amenities



Wi-Fi Wireless Internet



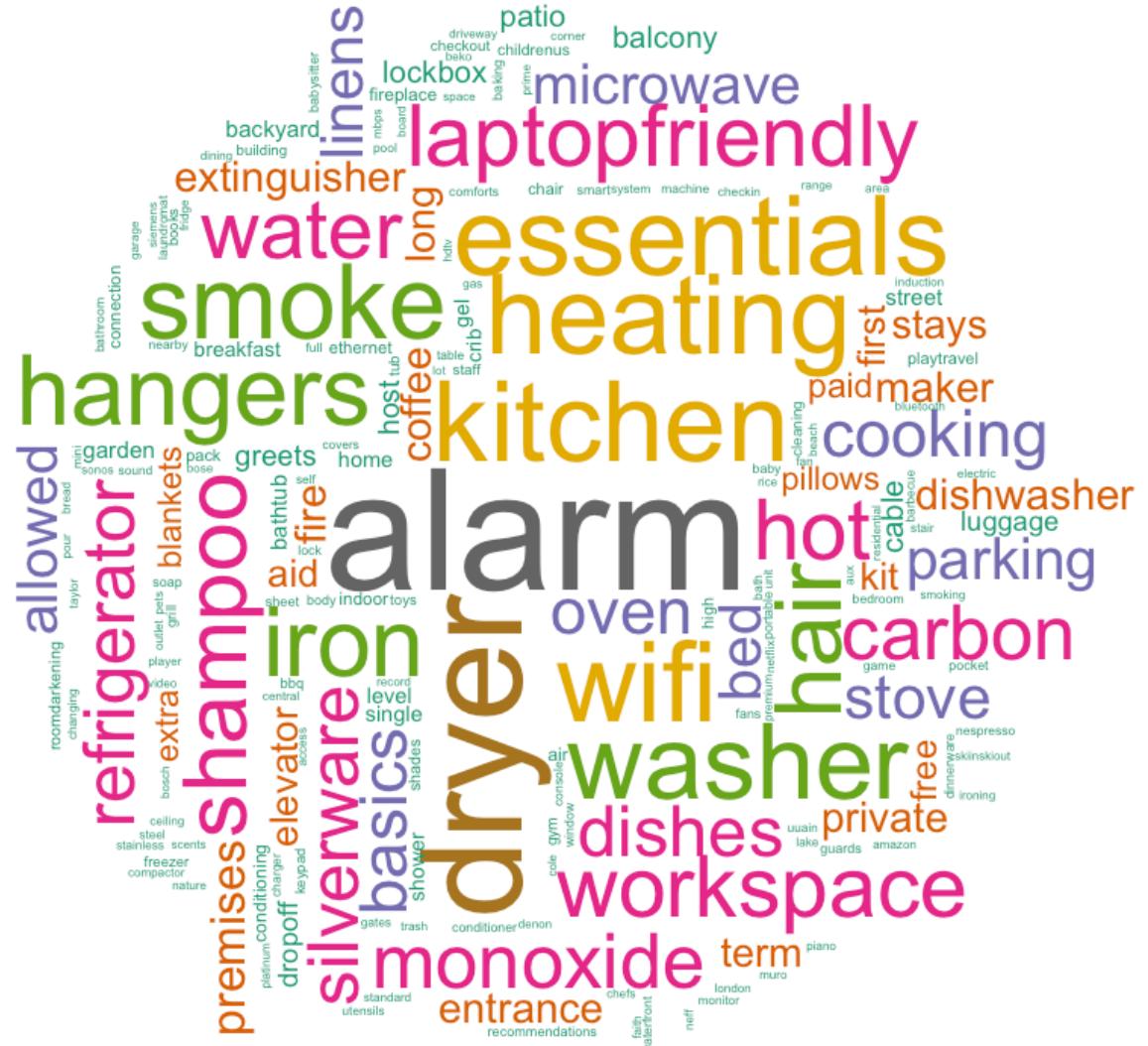
Show all 8 amenities



Air conditioning



Hangers



RECOMMENDATIONS

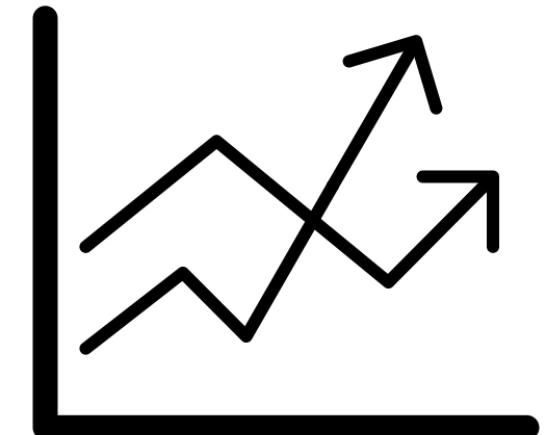
The final recommendation for our client are to invest in Islington for 3 main reasons:

- ❖ It is one of the highest profit generating neighborhoods in London.
- ❖ Has one of the highest customer satisfactions ($>9.45/10$).
- ❖ Lowest Initial investment and shortest payback period out of all options.



Our client should take weekly and yearly seasonality into account for the pricing:

- Increase prices to around 106\$/night during summer nights where tourism peaks in the City
- Increase prices on weekends to allow party-goes and local travelers to enjoy the weekend.
- Include amenities to keep customer satisfaction up.



Thank You