

A photograph of the Orlando skyline at sunset. The sky is a mix of orange, pink, and blue. In the foreground, a large fountain with a tall, thin water jet is lit up with green and red lights. To the right, a rainbow-colored sculpture is visible. The city buildings are reflected in the water.

# AIRBNB ORLANDO ANALYSIS

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# AirBnB Orlando Overview

01

AVERAGE DAILY RATE

\$133



02

AVERAGE REVENUE(MONTHLY)

\$3,146



03

OCCUPANCY RATE

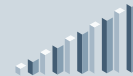
80%



04

ACTIVE RENTAL PROPERTIES

18,046



05

MARKET GRADE

A



# What makes Orlando a great investment city

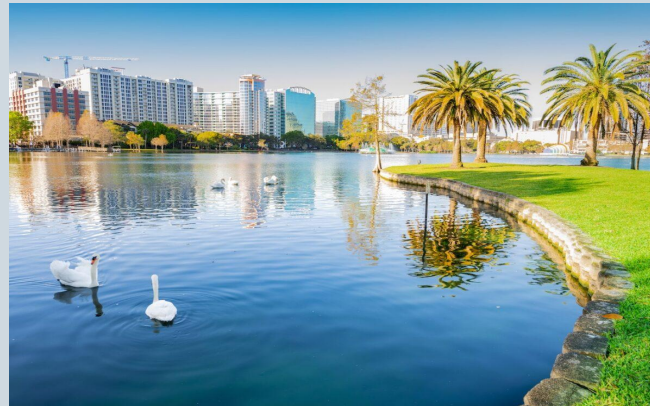


Orlando, is a fantastic destination for travelers of all ages and interests. Perhaps best known for its theme parks.

With warm weather year-round and a laid-back, welcoming vibe, Orlando is the perfect destination for those looking for fun, relaxation, and adventure.



The city is also home to world-class dining, shopping, and nightlife, as well as beautiful natural areas like Wekiwa Springs State Park and Lake Eola Park.



# Orlando Top Attractions

## Walt Disney World

One of the top attractions of the city. The vast Resort attract more than 58 Million visitors each year

## Universal Resort

Getting about 20 million visitors each year, Universal Studios is home of two theme parks, where guests can explore attractions themed to popular movies.



## Water Parks

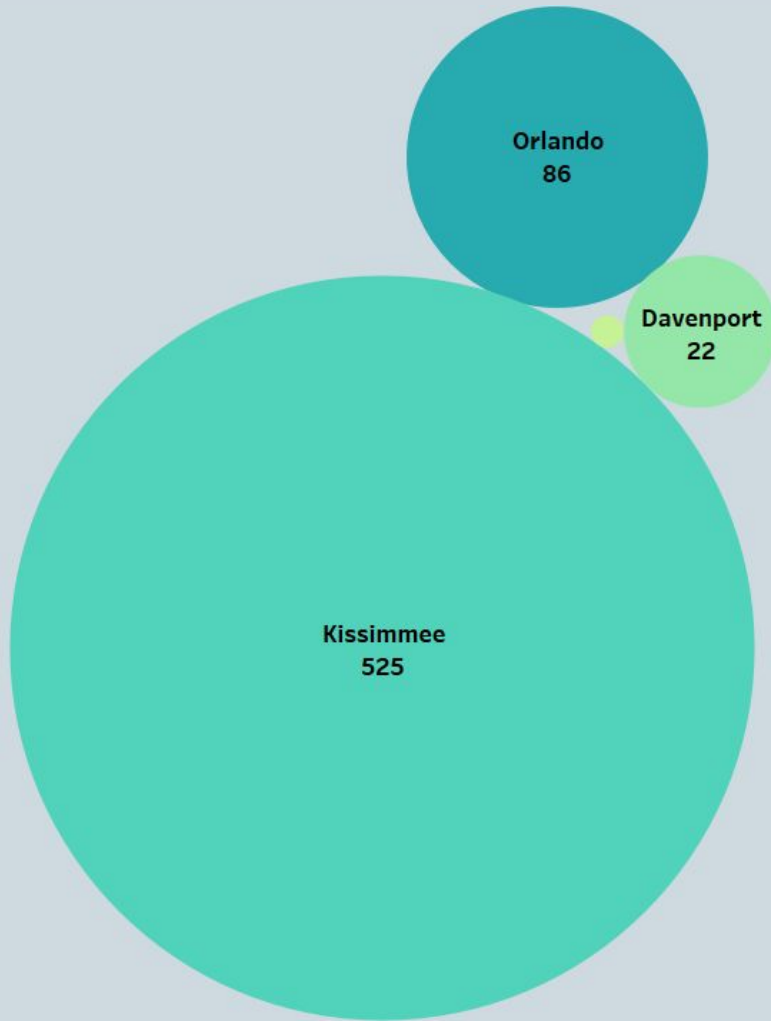
It is a must do in the city, as it has many options, specially in Summer Season

## SeaWorld Orlando

With about 5 Million visitors each year is one of the 10 most visited amusement park in the country



# # Properties by Location

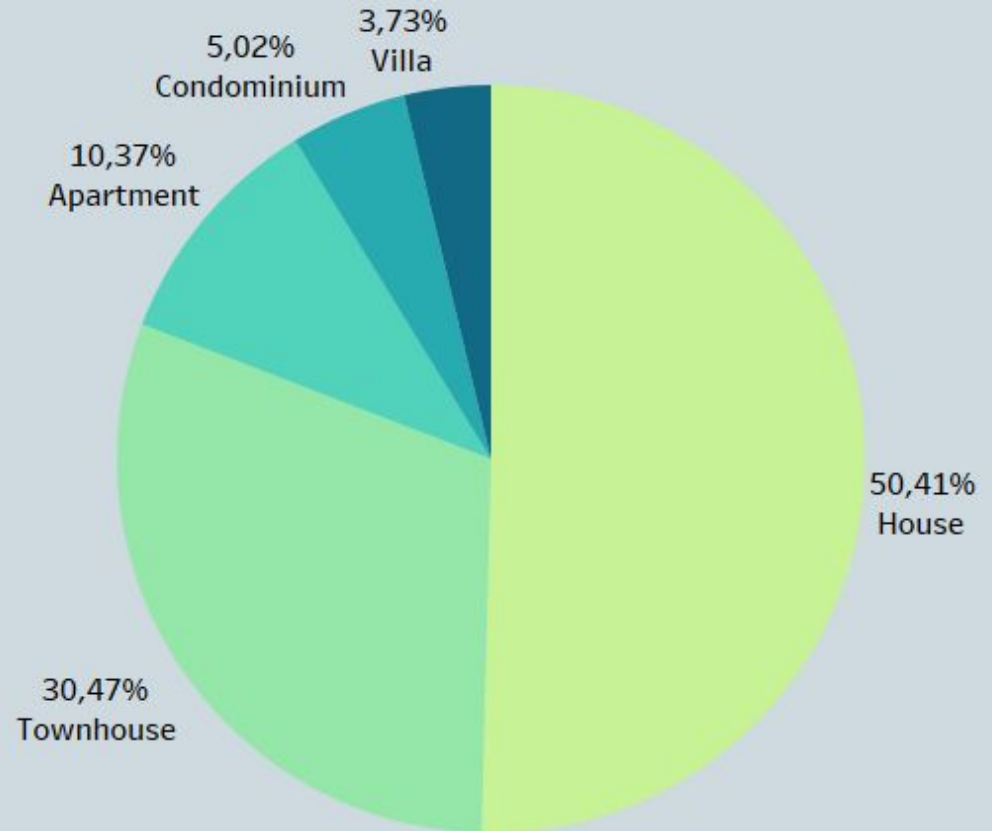


- The most part of the analysed properties were located in the region of **Kissimmee** with 525 Properties, followed by **Orlando(Downtown)** with 86 and then **Davenport**.



# # Properties by Type

- **Houses** were predominant property type in the data, followed by **Townhouses** and **Apartment**, with a small number of Condominiums and Villas (less than 9%).



# Total Listings Year-On-Year

- The number of rental properties has increased significantly every year since 2009.
- But it shows signs that the Growth-rate is reducing as of 2017 to 2018.



# Seasonality



- The **Second Quarter(Q2)** has the lowest Occupancy Rate on Average.
- We can see the Metric going up again from **June to September**, the high season of the year (Summer).



# Data Drill-Down

- Segmentation of the data into different groups.

- Analysing different indicators, and searching correlations between them.

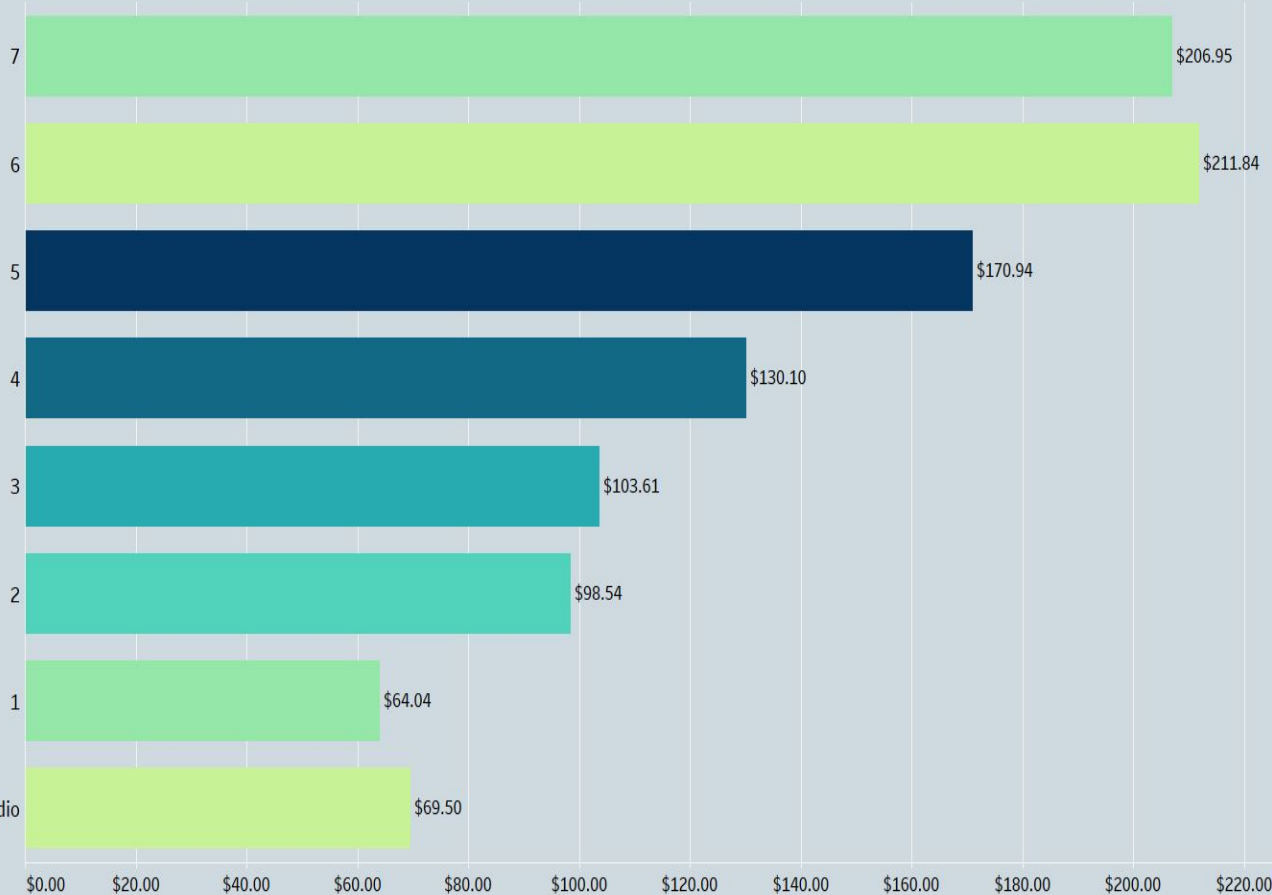
# Rating x Price

- We split our Data in two different dimension: **Average Rating(4.5 or 5)** and **Bedrooms**, to compare if a better Rating reflects in the Price asked.

- The Difference in Prices is more apparent from **2 to 5 Bedrooms**, showing that a good Rating can help to increase the Revenue.



# Bedrooms x Price



- As expected the more Bedrooms a Property has, the higher the Average Price per Night.

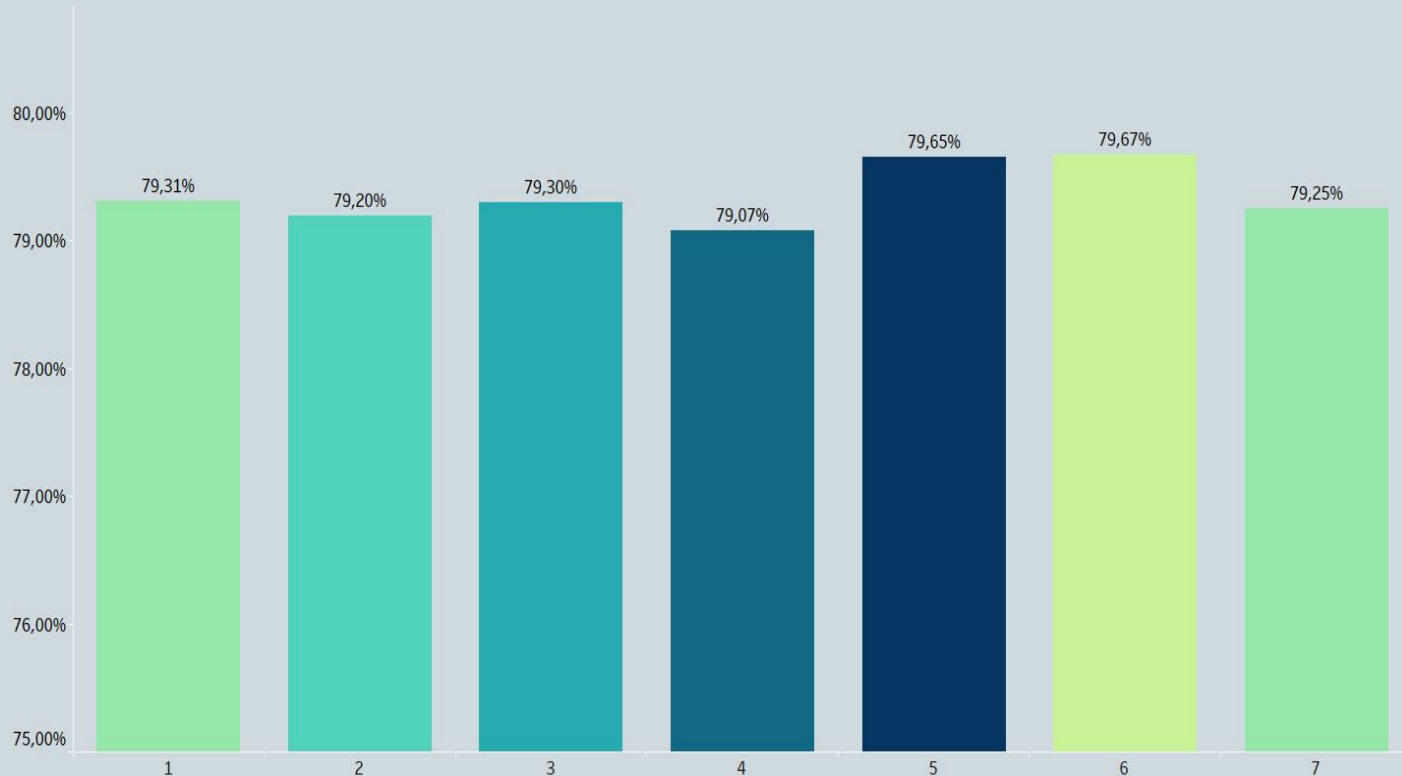
- The increase in Price is specially higher from **one to two Bedrooms** and **four to five** Bedrooms.

- The Price increase **loses its tendency** from six to seven Bedrooms, where the prices almost stay the same.

# Occupancy Rate x Bedrooms

- The Average Occupancy Rate is very similar for all types of Properties Bedrooms.

- So the primary difference between buying a Property with more or less Bedrooms stays in the **Price per Night**, that we can generate from it.



# Average Annual Revenue

## 6 Bedrooms

\$60,792.84  
23,88%

## 5 Bedrooms

\$49,074.41  
32,35%

## 4 Bedrooms

\$37,079.80  
25,37%

## 3 Bedrooms

\$29,575.84  
5,36%

## 7 Bedrooms

\$58,851.24  
-3,19%

## 2 Bedrooms

\$28,071.18  
54,13%

## Studio Bedrooms

\$20,181.45

## 1 Bedrooms

\$18,213.20  
-9,75%

- The Annual Revenue Difference is greater from **1 to 2 Bedrooms** and **4 to 5**, where the Revenue Change increases **54,1%** and **32,5%** respectively.
- While a Property with more Rooms is normally more expensive, the % **Difference in Revenue** can tell if that higher price compensates financially.

# Analysing Properties to Invest

- We now can use our findings from the data that we had, to see if a Property is a good investment based on **Metrics** like Average Price per Night, Occupancy Rate, Revenue, etc.
- Further on we will also take in consideration **Expenses**, like maintenance, Property taxes, insurance, electricity, Wifi/Cable and Mortgage Payments, so we can get to the **Net Revenue(Profit)** from the Property.
- We will also use the measure **Cash on Cash Yield** (a common used measure to see the Profitability of a Real Estate Investment), that takes into account the **Deposit** made to buy the Property and the **Net Revenue** generated by it.



The table beside brings 8 different Properties with 2; 3; 4 and 5 Bedrooms.

We calculated the **Total Revenue** and **Total Annual Cost** for each Property, so we can find the **Net Revenue**.

The Analysis considers a Buyer who **deposits 30%** and **finance 70%** (with a 4,5%a.a interest rate) of the House Price.

House	Bedrooms	Price	70% Loan per Year(15 Years)	Occupancy Rate	Avg Daily Revenue	Annual Revenue(Actual)	Annual Cost
8815 World quest Blvd	3	\$155,000.00	\$7,558.83	79,30%	\$103.61	\$29,990.65	\$21,418.83
Royale Palm Plan Storey	5	\$366,990.00	\$17,896.88	79,65%	\$170.94	\$49,697.36	\$36,600.76
Harwich li Plan Storey Lake	5	\$394,990.00	\$19,262.35	79,65%	\$170.94	\$49,697.36	\$38,302.23
Kissimi Apartment Storey Lake	2	\$211,100.00	\$10,294.64	79,20%	\$98.54	\$28,485.04	\$23,427.84
4664 Tribute Kissimmee	3	\$234,490.00	\$11,435.30	79,30%	\$103.61	\$29,990.65	\$26,249.18
Storey Lake The Cove Resort Townhom..	4	\$338,990.00	\$16,531.41	79,07%	\$130.10	\$37,549.00	\$33,759.29
4662 Fairy Tale	4	\$389,000.00	\$18,970.23	79,07%	\$130.10	\$37,549.00	\$36,698.23
4741 Clock Tower	4	\$461,105.00	\$22,486.55	79,07%	\$130.10	\$37,549.00	\$41,279.81

70% Loan per Year= ((Price - Deposit)/15years)\*interest\_rate+(Price-Deposit/15 years)

House	Bedrooms	30 Deposit	Profit/Loss	Cash on Cash Yield(First Year)	Cash on Cash Yield(After 1° Year)
8815 Worl dquest Blv d	3	\$46,500.00	\$8,571.81	11,46%	18,43%
Royale Palm Plan Storey	5	\$110,097.00	\$13,096.60	8,28%	11,90%
Harwich li Plan Storey Lake	5	\$118,497.00	\$11,395.14	6,77%	9,62%
Kissimi Apartment Storey Lake	2	\$63,330.00	\$5,057.19	5,44%	7,99%
4664 Tribute Kissimmee	3	\$70,347.00	\$3,741.47	3,62%	5,32%
Storey Lake The Cove Resort To..	4	\$101,697.00	\$3,789.71	2,61%	3,73%
4662 Fairy Tale	4	\$116,700.00	\$850.77	0,52%	0,73%
4741 Clock Tower	4	\$138,331.50	\$-3,730.81	-1,97%	-2,70%

Using the Total Revenue and Total Cost we find the **Profit**(Net Revenue) for each Property.

We then first find the **Cash on Cash Yield for the 1°Year**, which in addition to the 30% Deposit, also includes the **Setup Costs** and **Closing fee(6%)**.What decreases the Return in the beginning.

After the first Year, we determine the **Cash on Cash Yield** just on the Deposit.

**Cash on Cash Yield** = Profit/Deposit\*100(in Percentage)

# Revenue Fall Scenario

In our previous Analysis we use the actual Average Revenue, based on the analysis made on Property that were already in the market.

In this case we assume that the Revenue could have a **20% Drop**, and the Costs would remain the same, to see how it would affect our **Profitability**.

% Renenue Fall: 20%

House	# of Bedrooms	Annual Revenue(Actual)	New Annual Revenue(Fall)	Annual Cost	New Profit/Loss	Cash on Cash Yield (1 <sup>o</sup> Year)	Cash on Cash Yield (After 1 <sup>o</sup> Year)
8815 Worldquest Blvd	3	\$29,990.65	\$23,992.52	\$21,418.83	\$2,573.68	3,44%	5,53%
Royale Palm Plan Storey	5	\$49,697.36	\$39,757.89	\$36,600.76	\$3,157.13	2,00%	2,87%
Harwich li Plan Storey Lake	5	\$49,697.36	\$39,757.89	\$38,302.23	\$1,455.66	0,87%	1,23%
Kissimi Apartment Storey Lake	2	\$28,485.04	\$22,788.03	\$23,427.84	\$-639.81	-0,69%	-1,01%
4664 Tribute Kissimmee	3	\$29,990.65	\$23,992.52	\$26,249.18	\$-2,256.66	-2,18%	-3,21%
Storey Lake The Cove Resort Townhomes	4	\$37,549.00	\$30,039.20	\$33,759.29	\$-3,720.09	-2,56%	-3,66%
4662 Fairy Tale	4	\$37,549.00	\$30,039.20	\$36,698.23	\$-6,659.03	-4,08%	-5,71%
4741 Clock Tower	4	\$37,549.00	\$30,039.20	\$41,279.81	\$-11,240.61	-5,95%	-8,13%

# Investment Properties

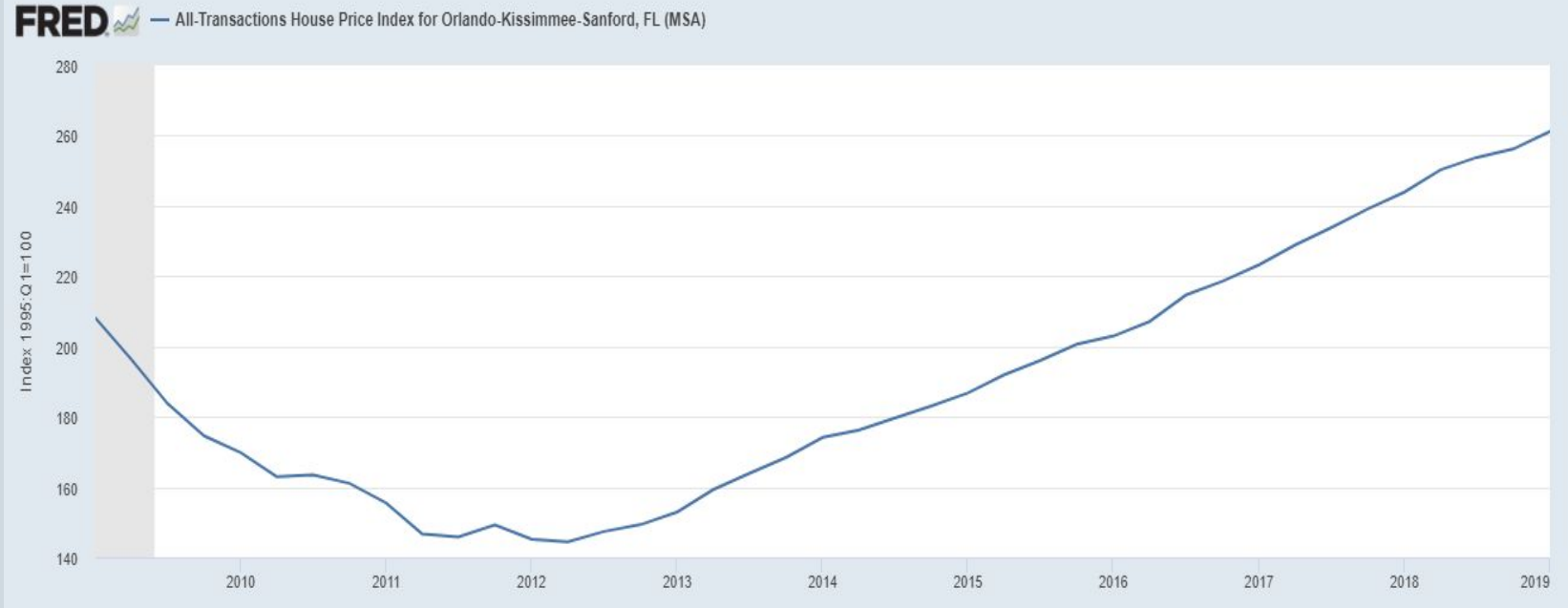
- From the **Cash on Cash Yield** measure, we can see that the **Properties with 3 and 5 bedrooms are the better investment options.**

- The Cash on Cash Yield can be **compared** to others investments returns, like “**risk-free**” **Treasuries**, to see if the risk of buying a Property is compensated.

- Two main things have a big impact to the Return obtained from a Property: Its **Purchase Price** and the **Net Revenue**.

- In the **Stress Scenario**(-20% Revenue) the two 5 bedrooms Properties and one with 3 Bedrooms would yet remain **Profitable**, showing that these types of Properties could withstand a tough market period.

# Investment Properties



- Orlando has also had a great **price appreciation** in House Prices in the last years, what opens another way to **Profit** from a Investment Property, beside the Rent income, by selling it at a higher price later on.

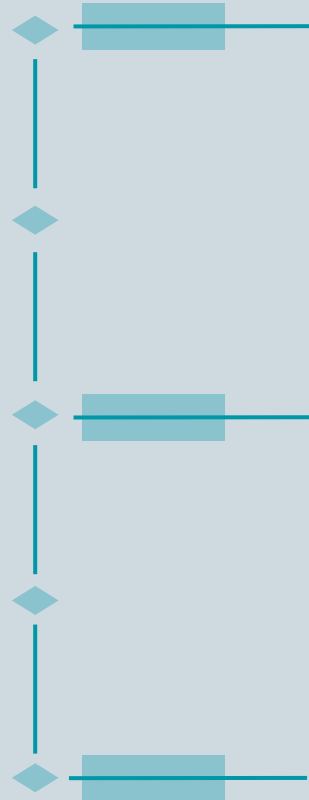


An aerial photograph of a city skyline at sunset. The sky is filled with vibrant orange and red clouds. In the foreground, a large body of water reflects the sky. The city skyline is visible in the background, with various buildings and structures. A road with cars is visible on the left side of the image. A semi-transparent grey rectangle is overlaid on the right side of the image, containing the text "ANALYSIS CONCLUSIONS" in white, bold, sans-serif font.

# ANALYSIS CONCLUSIONS



# Conclusions

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- As we see the Orlando AirBnB Market came from a **exponential growth** in the last decade, that will probably not continue at the same rate from now on, based on the last two years at our disposal(2017-2018). But it still has a great potential.
  - As a good Rating can increase the Avg. Price asked for the Property, a way to improve the Revenue would be to **focus on details**, such as, how the Check-in/Check-out is done, amenities offered, communication with the renter(quick response), cleanness, etc. So the Listing receives a **solid Rating**.
  - Interestingly when we segment the Properties by **# of Bedrooms**, the Occupancy Rates are very similar, what brings the major difference between the Properties to the Average Price Per Night.

# Conclusions

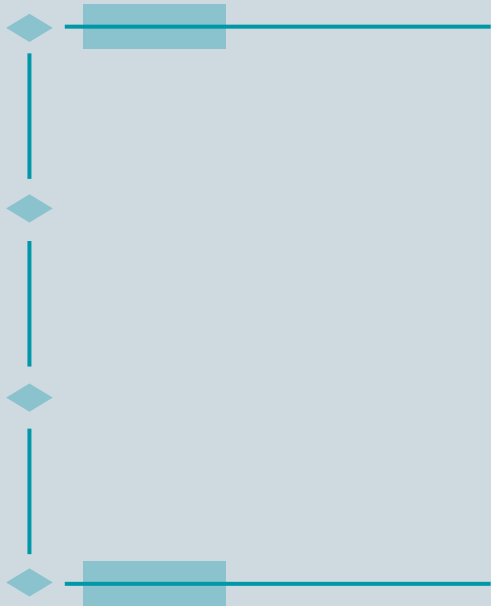


Orlando AirBnB Market came from a **exponential growth** in the last decade, that will probably not continue at the same rate from now on. But it still has a great potential.

As a good Rating can increase the Avg. Price asked, a way to improve the Revenue would be to **focus on details**, such as, how the Check-in/Check-out is done, amenities offered, communication with the renter(quick response), cleanness, etc. So the Listing receives a **solid Rating**.

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# Conclusions

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- The strongest Occupancy Rate period is in **Summer**, starting from June, and reaching its peak in September. A package promotion with a Discount offered for **Weekly Bookings** for example, could be a method to increase Occupancy during the Second Quarter, where we have the lowest levels. Or targeted promotions on Holidays as Easter(April) and Mother's Day(May).
  - A large part of the analysed Properties in the data are located in **Kissimmee** and **Orlando Downtown**. This can be explained by the proximity of these areas to the most relevant attractions of the city, like Walt Disney World, Universal Studios and SeaWorld, making those locations **highly demanded** by visitors, and consequently excellent investment options.