

NYC RENTAL MARKET ANALYSIS

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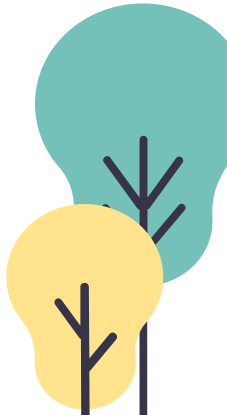
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OUR INVESTOR

Sara has purchased a 2-bedroom apartment in New York City. Now, she is moving out of town and needs to decide how to rent out her place.

Our goal is to evaluate the market for short, medium, and long-term rental options for Sara and make a recommendation based on profitability.



SARA'S HOME

2-Bedroom Apartment
Manhattan, NYC

DRIVING QUESTIONS

**How does the rental length
impact daily price?**

**How is daily price for rental
lengths impacted by other
factors?**

**How does the rental price
through Airbnb compare to
traditional leasing options?**

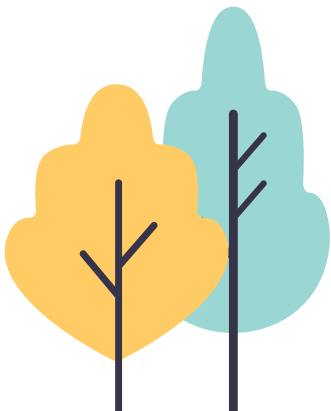




OUR DATA

INSIDEAIRBNB

- Airbnb listings from New York City
 - Narrowed down data set to 2414 comparable units to Sara's: 2-bedroom, standard homes/apartments in the Manhattan borough
- Focus on a few key variables
 - **Price** - the daily rate to book in USD
 - Outliers in daily price were removed based on the standard score methodology
 - **Minimum Nights** - the fewest number of nights guests can book
 - **Maximum Nights** - the longest number of nights guest can book
 - Outliers in maximum nights were reduced to reasonable lengths
- Length of available booking categorized as:
 - **Short** - between 1 and 28 nights
 - **Medium** - between 29 and 180 nights
 - **Long** - between 181 and 1125 nights
 - **Flexible** - any booking length

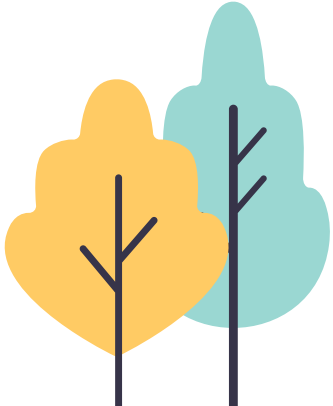




OUR DATA

STREETEASY

- Median listed monthly rental cost for apartments in New York City
 - Narrowed down data points to comparable units to Sara's: 2-bedroom, standard home/apartment in the Manhattan borough
- The average of all listings in a month was calculated to track the rental market over time



ASSUMPTIONS



LOCATION

HOME

LISTINGS

AIRBNB

For the purpose of this exercise, our instructor Connor Fryar had us ignore Local Law 18 that outlaws short-term rentals without the host living onsite

LIMITATIONS



FINANCES

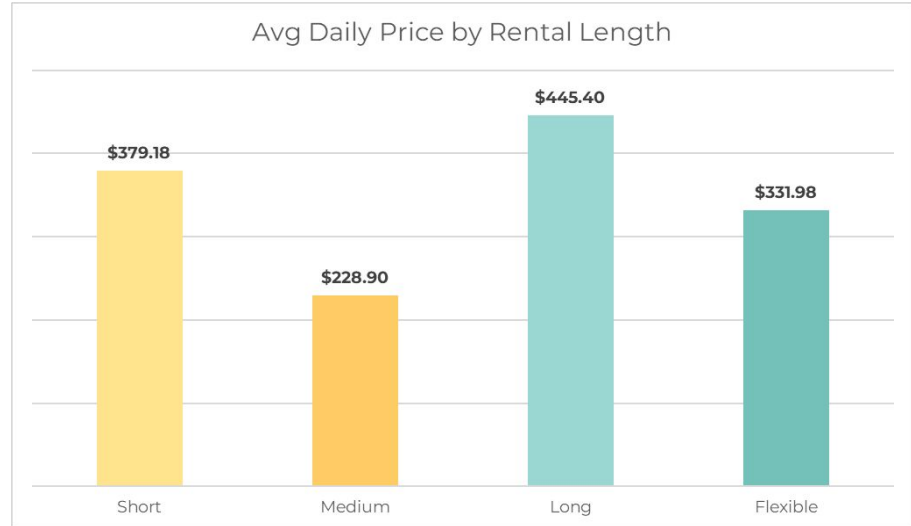
OCCUPANCY

**DEMAND
OVER TIME**

**RENTAL
LENGTH**

INITIAL ANALYSIS: RENTAL-LENGTH AND DAILY PRICE

- Long-term Airbnbs show the highest average daily price
 - However confidence in result limited by narrow sample size of this category
- Month-to-month listings much cheaper than short-term, but this could be offset by fewer ongoing costs and revenue stability



Source: InsideAirbnb, NYC Listings ^{25 26}

INITIAL ANALYSIS: ADDITIONAL SELLING POINTS

- Amenities considered:
 - WiFi
 - Kitchen
 - Free Parking
 - Washer/Dryer
 - Air Conditioning
 - Workspace
 - Pet Friendly
 - Coffee/Tea
 - Towels
 - TV

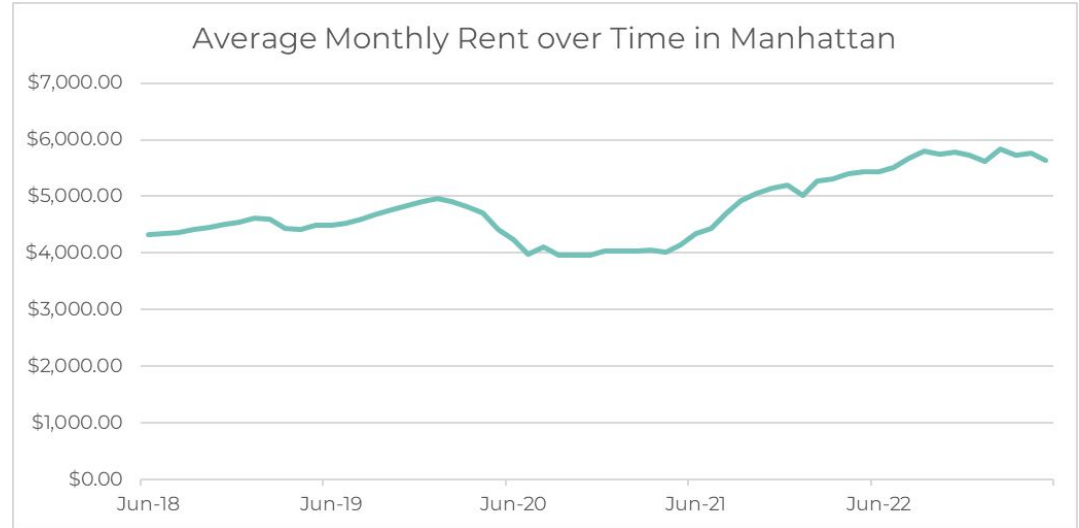
Amenities Score	Short	Medium	Long	Flexible
0	N/A	N/A	N/A	\$472.00
1	\$247.50	\$138.70	N/A	\$194.03
2	\$206.00	\$171.76	N/A	\$225.79
3	\$282.71	\$252.92	\$259.00	\$272.69
4	\$393.38	\$213.78	\$600.00	\$296.98
5	\$400.51	\$237.00	\$850.00	\$370.89
6	\$391.15	\$245.88	N/A	\$374.76
7	\$455.56	\$315.00	N/A	\$342.40

Source: InsideAirBnb, NYC Listings^{25 26}

- No demonstrated relationship between the number of top amenities and price for different rental-terms through AirBnb

INITIAL ANALYSIS: LEASING

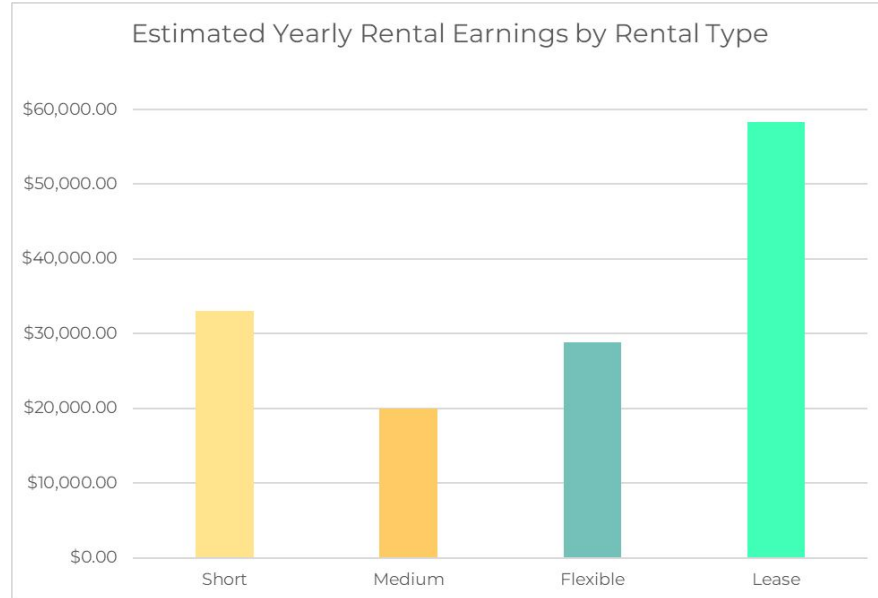
- Steadily increasing rents in Manhattan
- Shown to have recovered from drop in rents at the start of the COVID-19 Pandemic



Source: Streeteasy^{25 26}

INITIAL ANALYSIS: AIRBNB VS. LEASING

- Yearly rental earnings for Airbnb listings calculated by the estimated occupancy rate, as compared to the sum of average rents year-to-year from Streeteasy listings
- Dramatically higher estimated revenue from a standard lease
- Long-term airbnb rentals not shown because of improbable calculations based on our methodology

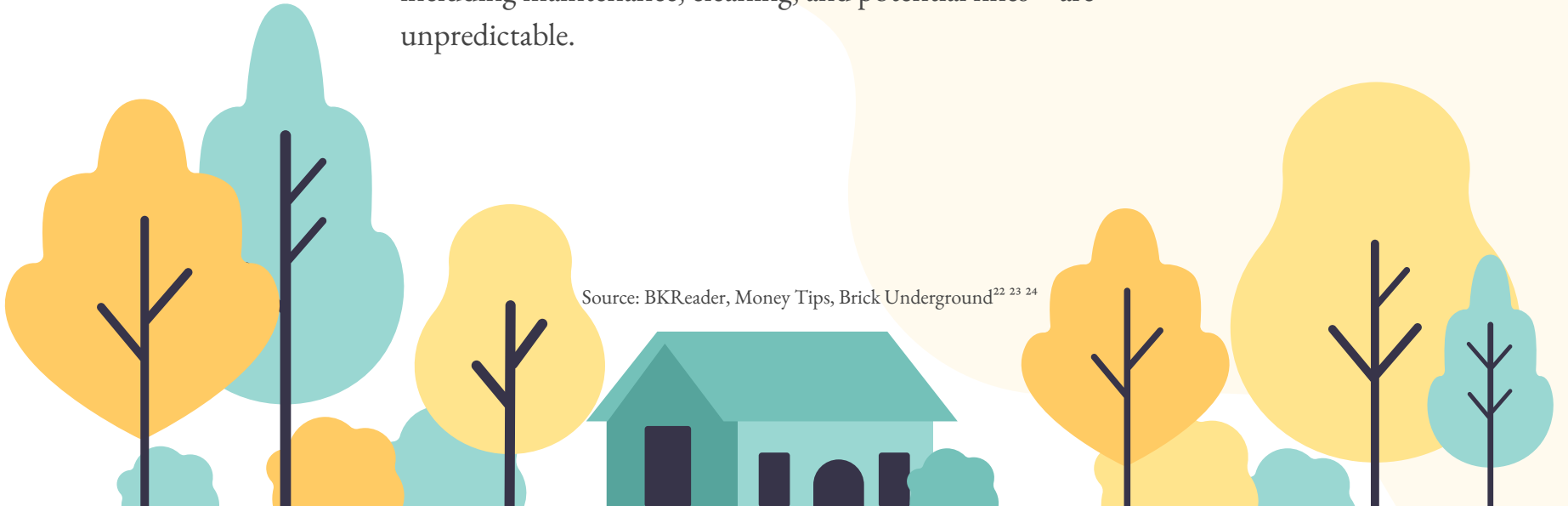


Source: InsideAirBnb, NYC Listings; Streeteasy^{25 26}

MARKET ANALYSIS

Overall, it may not be worth it to start an Airbnb journey. It's being scrutinized around the country as potentially unfair, the income is less steady due to higher guest turnover, and the added expenses – including maintenance, cleaning, and potential fines – are unpredictable.

Source: BKReader, Money Tips, Brick Underground^{22 23 24}





CONCLUSION

REVENUE

Much higher estimated revenue from leasing compared to hosting on Airbnb

OCCUPANCY

Highly seasonal demand for Airbnb reduces flow of income

LONG-TERM AIRBNB

Despite highest calculated profit, limited data points severely reduce confidence in results

REGULATION

Analysis ignores legal reality that short-term rentals through Airbnb are impossible for investor

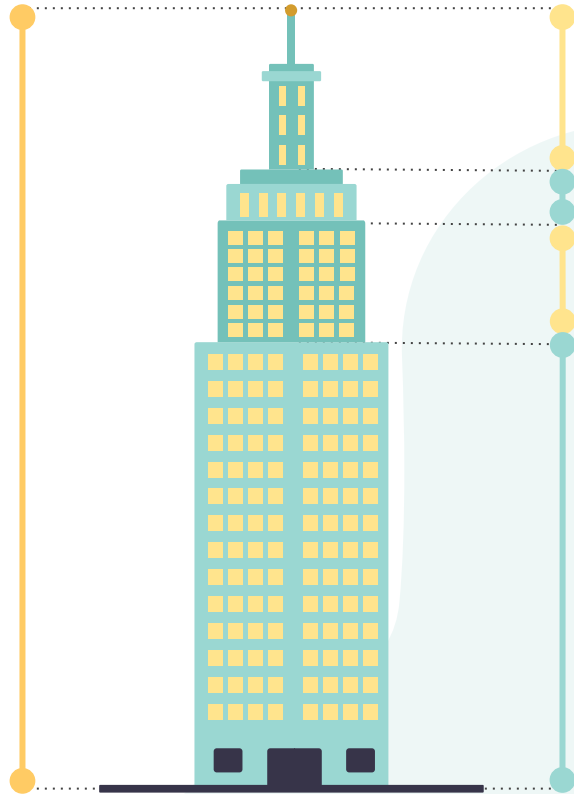
OUR RECOMMENDATION

Leasing out Sara's two-bedroom place in Manhattan is the most profitable, stable, and otherwise viable option.



NEXT STEPS

Building a confident estimation of the Manhattan rental market



Anticipated costs of running an Airbnb vs. leasing the apartment

Comparing stability of Airbnb vs. rental market

Renting out private rooms vs. entire home

Estimated revenue from one-year vs. two-year lease terms

Widen secondary data analysis to include listings from other sources

Additional outside variables that influence price and demand for both AirBnb and standard leases



THANKS

Does anyone have any questions?

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