

# NYC RENTAL MARKET ANALYSIS

---

Jonas, Roman, and Theda



# OUR INVESTOR

Last week we sat down with Sara, the nursing student who purchased a two-bedroom place in New York City. She is trying to decide whether to rent it out using short-term Airbnb services or using standard leasing.

This week we're going to look at her options in even more detail, including comparing room types, locations, and costs.



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 comparable units to Sara's: 2-bedroom, standard homes/apartments
- Length of available booking categorized as:
  - **Short** - between 1 and 28 nights
  - **Long** - between 29 and 1125 nights
  - **Flexible** - any booking length
- Occupancy Rate:
  - Calculated as the percentage of nights booked in a 30-day month
- Amenities Score:
  - Listings given half a point for every of the top 20 Airbnb amenities advertised
  - A score of 0 means the listing had none of the top amenities; 10, all amenities



### STREETEASY

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

### Top Amenities

Cleaning Supplies
Coffee Maker or Tea Kettle
Dishwasher
Essentials
Extra Blankets and Pillows
Free Parking
Hair Dryer
Heating
HVAC
Kitchen
Linens
Pet Friendly
Security Camera
Self Check-In
Storage
Towels/Linens
TV
Washer
Wifi
Workspace

## ASSUMPTIONS AND LIMITATIONS



### LISTINGS

Airbnb units true to hosts' description



### SARA'S HOME

Meets standards for both airbnb and leasing, also in Manhattan



### DEMAND

Seasonality of airbnb market not reflected in insideairbnb data



### OCCUPANCY

Limited data on occupancy rate per unit



### LOCAL LAW 18

New regulation limits short-term rentals in New York City

**\*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\***

## ESTIMATED REVENUE & COSTS

<u>Airbnb</u>		<u>Standard Lease</u>
Income	\$6,000	\$5,500
Utilities (All Airbnb, water/sewer standard lease)	(\$472)	(\$100)
Property management (40% Airbnb, 10% standard lease)	(\$2,400.00)	(\$550.0)
Insurance (short-term rental vs. landlord insurance)	(\$250)	(\$167)
Hosting or listing fees (3% Airbnb vs. Zillow)	(\$180.00)	(\$30)
Maintenance	(\$750.0)	(\$687.50)
Total expenses	(\$4,052.0)	(\$1,534.50)
Total Revenue	\$1,948	\$3,966

### Additional factors

Amenities may increase the amount of income

Hosting fees can be compensated for by increasing daily rent

Initial furnishing of Airbnb: \$9000

Airbnb occupancy may not be consistent

New short-term leasing laws may incur fines or deter guests

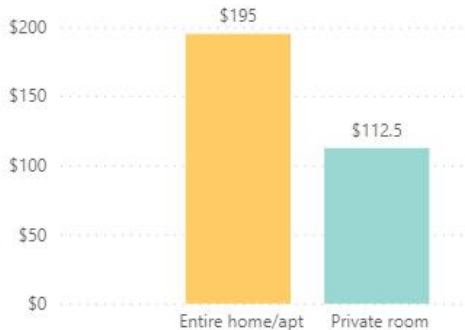


# NEW YORK CITY AIRBNB MARKET

## Median Daily Price by Rental Length



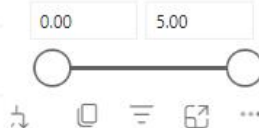
## Median Daily Price by Room Type



## Amenities Score



## Review Score



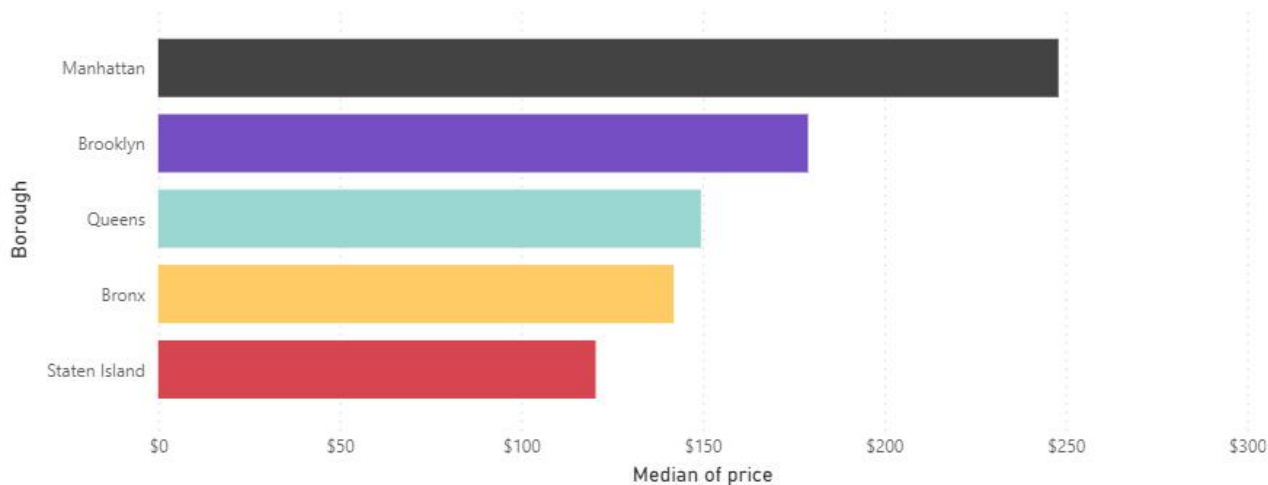
**\$236**

Average Daily Price

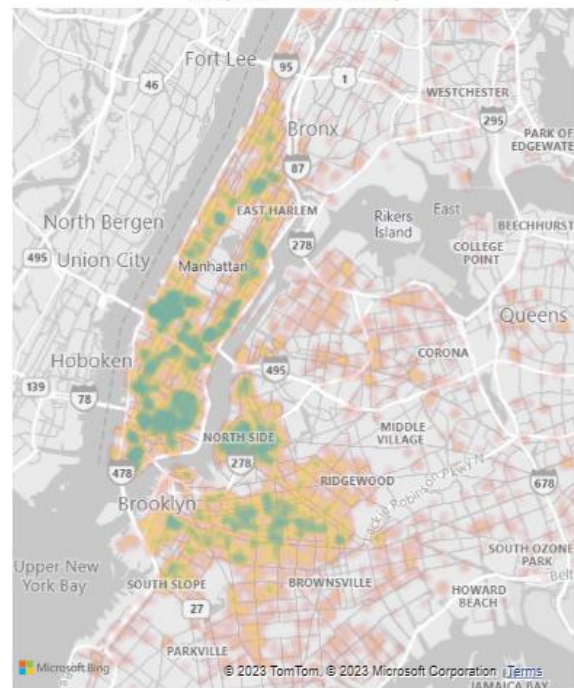
**\$186**

Median Daily Price

## Median Price by Location



## Daily Price Heat Map



# NEW YORK CITY AIRBNB MARKET

\$236

Average Daily Price

\$186

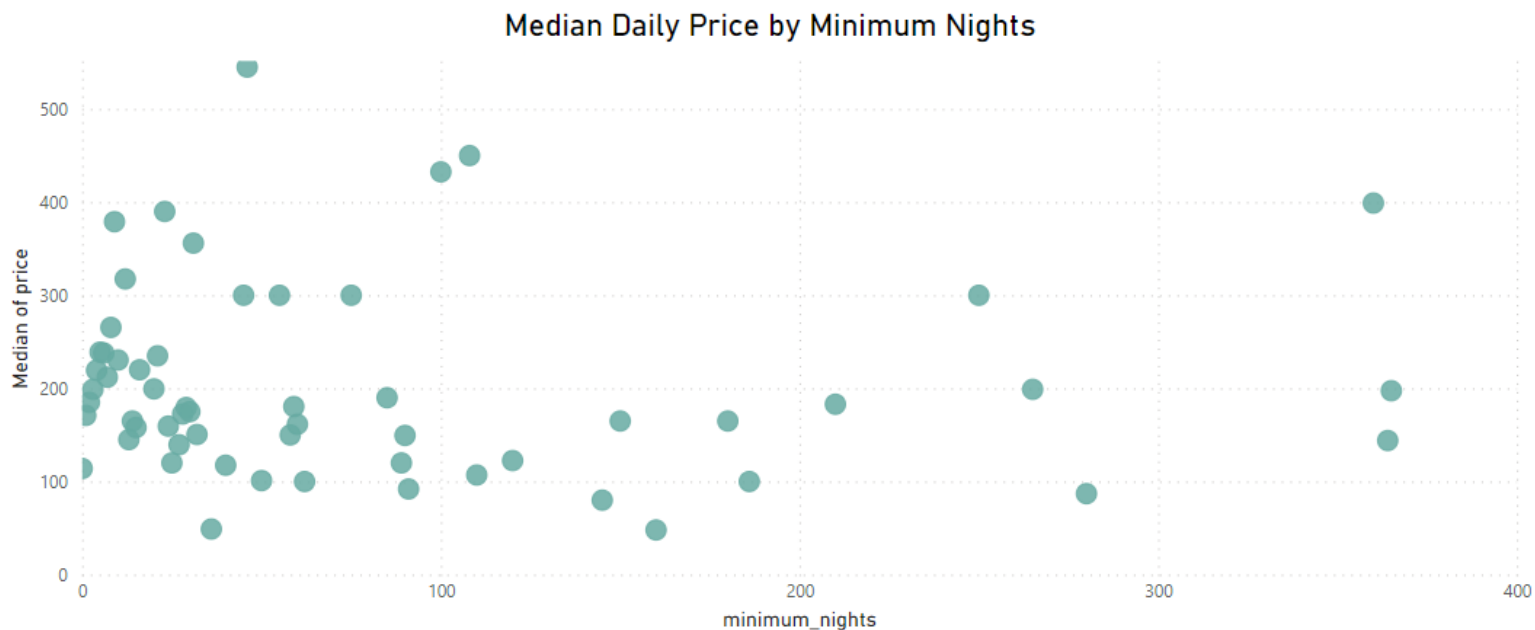
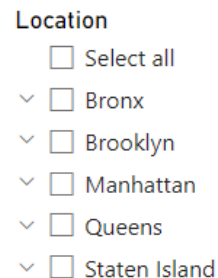
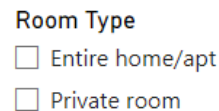
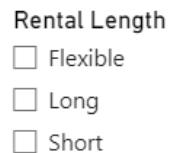
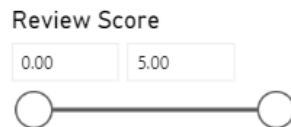
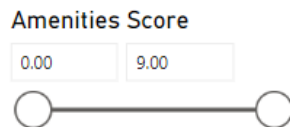
Median Daily Price

-0.04

Correlation of Minimum  
Nights and Daily Price

0.13

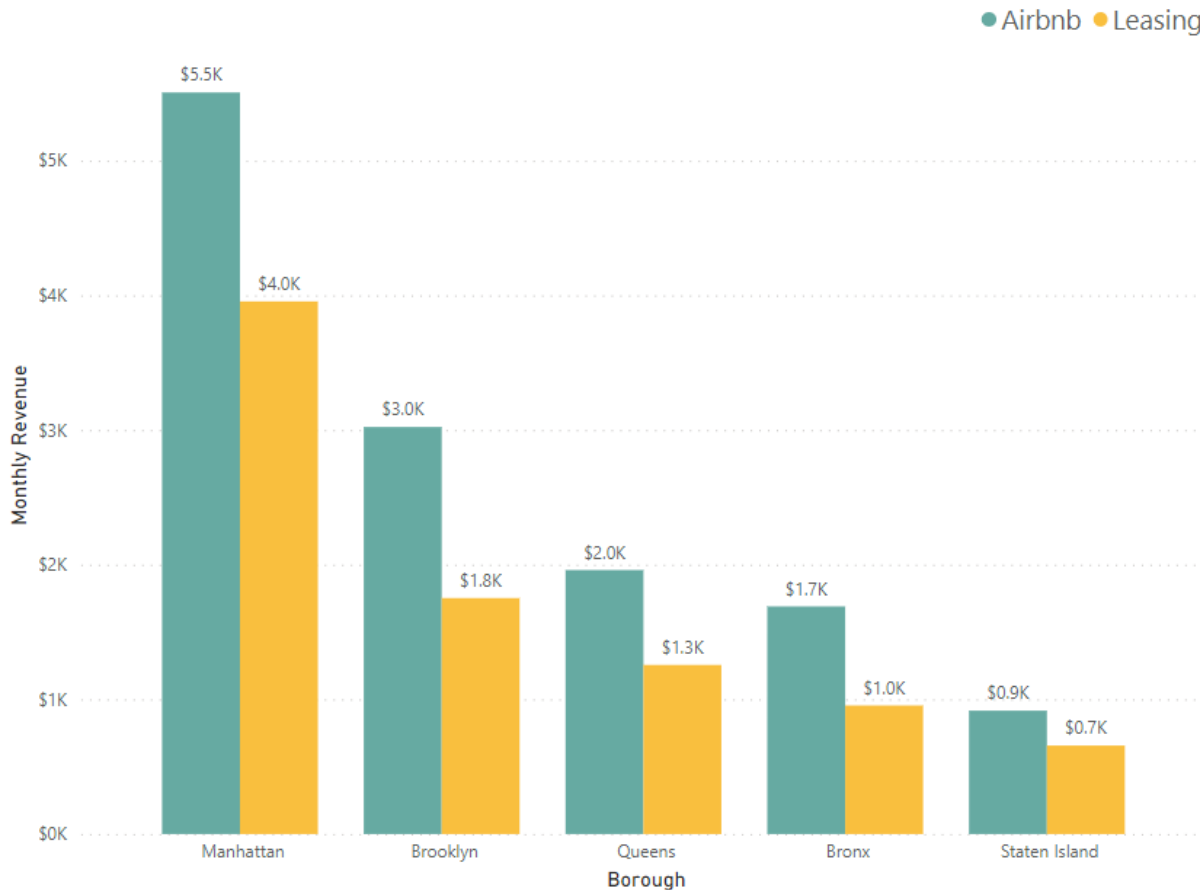
Correlation of Amenities  
and Price





# AIRBNB AND LEASING PROFIT CALCULATOR

## Projected Monthly Profit by Rental Type



### Occupancy Rate

100%



### Guest Cleaning Fee

20%



### Leasing Cost

\$1,543

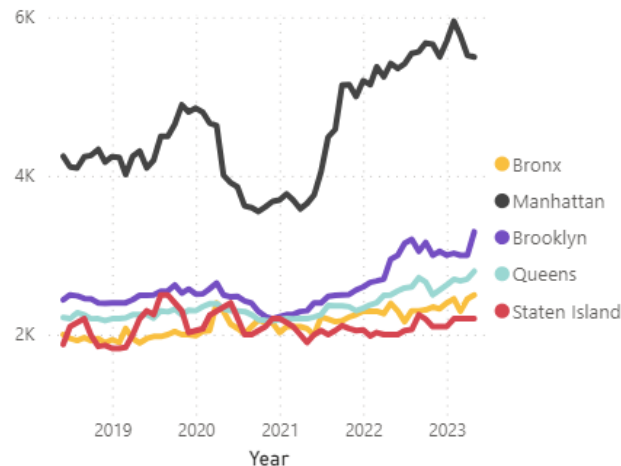


### Airbnb Cost

\$3,422



## Median Listed Rent for 2 Bedroom Apts



## CONCLUSION

### REVENUE

Much higher estimated revenue from leasing compared to hosting on Airbnb

### OCCUPANCY

Highly seasonal demand for Airbnb reduces flow of income

### AIRBNB COSTS

Higher estimated costs to run an Airbnb than to lease out an apartment

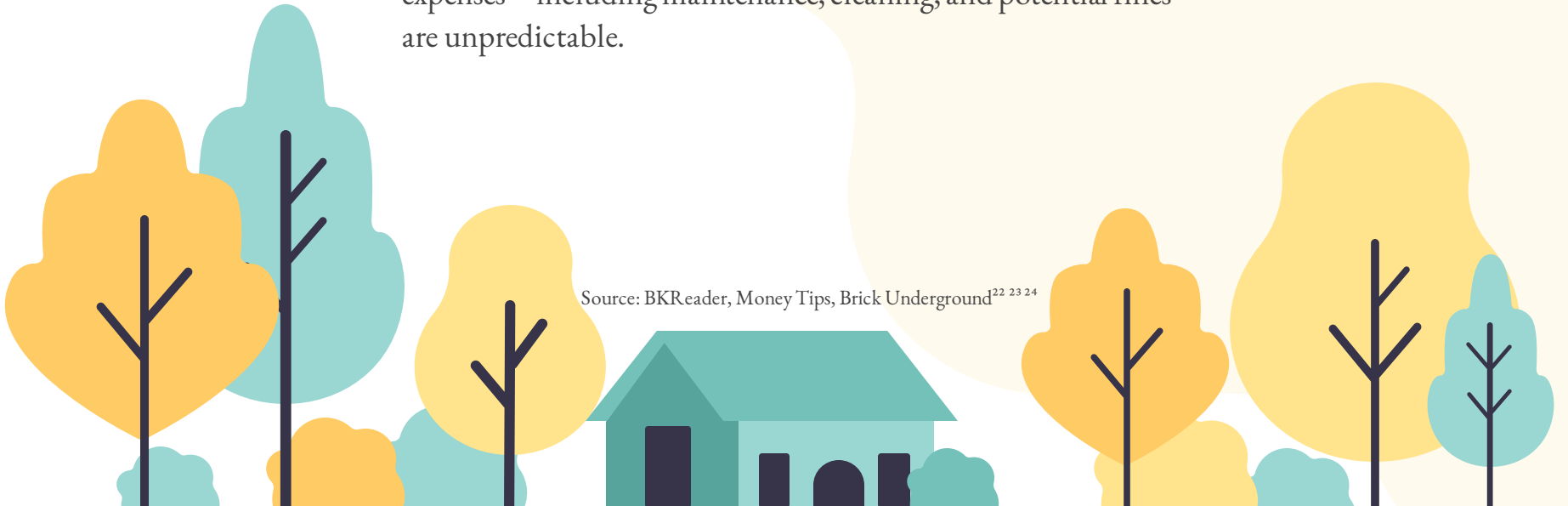
### REGULATION

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

## MARKET ANALYSIS

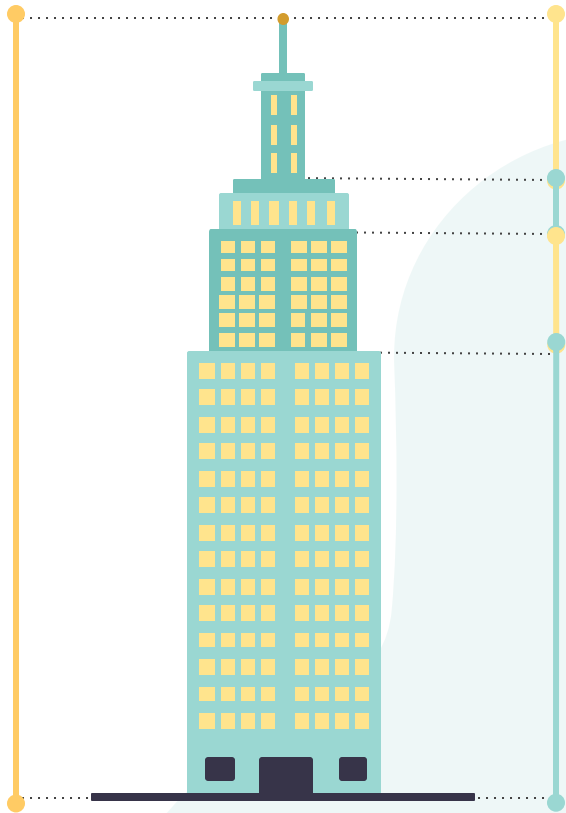
Overall, it may not be worth it to start an Airbnb journey. It's being scrutinized around the country as potentially unfair, the income is less steady due to higher guest turnover, and the added expenses – including maintenance, cleaning, and potential fines – are unpredictable.

Source: BKReader, Money Tips, Brick Underground<sup>22 23 24</sup>



## NEXT STEPS

### Building a confident estimation of the Manhattan rental market

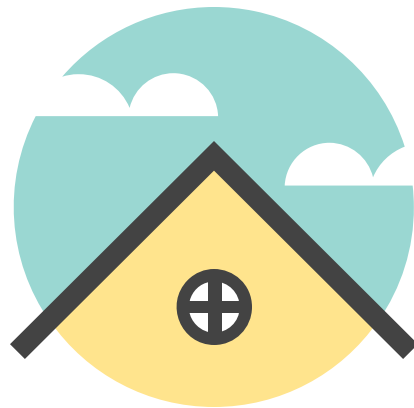


- Relationship between amenities and other factors on occupancy rate
- Comparing stability of Airbnb vs. rental market
- Estimated revenue from one-year vs. two-year lease terms



# OUR RECOMMENDATION

Our updated analysis leads us to the same recommendation as last time: Leasing out Sara's two-bedroom place in Manhattan is the most profitable, stable, and otherwise viable option.





# THANKS

Does anyone have any questions?

CREDITS: This presentation template was created by **Slidesgo**, including icons by **Flaticon**, and infographics & images by **Freepik**.

**Please keep this slide for attribution.**



## SOURCES

1. Best Places to Invest in Vacation Rentals in 2021 & 2022:
  - a. <https://www.airdna.co/blog/best-places-to-invest-in-us-vacation-rentals-2021-2022>
2. The Biggest Mistakes Landlords Make That Kill Profit
  - a. <https://www.mysmartmove.com/SmartMove/blog/5-biggest-landlord-mistakes-kill-profit.page>
3. Rental Property Return Investment Tips:
  - a. <https://www.thebalancemoney.com/rental-property-investing-for-beginners-453821>
4. Return on Investment (ROI): How to Calculate It and What It Means
  - a. <https://www.investopedia.com/terms/r/returnoninvestment.asp>
5. 82% of people think Airbnb-ing their home is a good money-making strategy—here's what you need to know
  - a. <https://www.cnn.com/2019/07/03/is-running-an-airbnb-profitable-heres-what-you-need-to-know.html>
6. What regulations apply to my city?
  - a. <https://www.airbnb.com/help/article/961>
7. Airbnb Rules - New York, NY
  - a. <https://www.airbnb.com/help/article/868>
8. Hotel and Motel Occupancy
  - a. [https://www.tax.ny.gov/pubs\\_and\\_bulls/tg\\_bulletins/st/hotel\\_and\\_motel\\_occupancy.htm](https://www.tax.ny.gov/pubs_and_bulls/tg_bulletins/st/hotel_and_motel_occupancy.htm)
9. Sales Tax Rates, Additional Sales Taxes, and Fees
  - a. [https://www.tax.ny.gov/pubs\\_and\\_bulls/tg\\_bulletins/st/sales\\_tax\\_rates\\_additional\\_sales\\_taxes\\_and\\_fees.htm](https://www.tax.ny.gov/pubs_and_bulls/tg_bulletins/st/sales_tax_rates_additional_sales_taxes_and_fees.htm)
10. New York State Sales and Use Tax
  - a. <https://www.nyc.gov/site/finance/taxes/business-nys-sales-tax.page#:~:text=If%20products%20are%20purchased%2C%20an,State%20tax%20will%20be%20charged.&text=The%20City%20charges%20a%2010.375,storage%20motor%20vehicles%20in%20Manhattan.>
11. Hotel Room Occupancy Tax
  - a. <https://www.nyc.gov/site/finance/taxes/business-hotel-room-occupancy-tax.page>
12. Registration for Hosts (Short-Term Rentals)
  - a. <https://www.nyc.gov/site/speciaenforcement/registration-law/registration-for-hosts.page>
13. Notice of Adoption of Final Rules Governing Registration and Requirements for Short-Term Rentals
  - a. <https://www.nyc.gov/assets/speciaenforcement/downloads/pdfs/FINAL-RULES-GOVERNING-REGISTRATION-AND-REQUIREMENTS-FOR-SHORT-TERM-RENTALS.pdf>
14. Long-term rentals in NYC
  - a. <https://www.airbnb.com/help/article/2484>



## SOURCES

15. NYC Business - What's required to do business in New York City?
  - a. <https://nyc-business.nyc.gov/nycbusiness/startabusiness/>
16. Tenants' Rights and Responsibilities
  - a. <https://www.nyc.gov/site/hpd/services-and-information/tenants-rights-and-responsibilities.page>
17. ABC's of Housing
  - a. <https://www.nyc.gov/site/hpd/services-and-information/abcs-of-housing.page>
18. Housing Maintenance Code
  - a. <https://www.nyc.gov/assets/buildings/pdf/HousingMaintenanceCode.pdf>
19. Airbnb Service Fees
  - a. <https://www.airbnb.com/help/article/1857>
20. Airbnb Long Term Rentals
  - a. <https://www.igms.com/airbnb-long-term-rentals/#>
21. The Best Amenities to Offer Right Now
  - a. <https://www.airbnb.com/resources/hosting-homes/a/the-best-amenities-to-offer-right-now-203>
22. No More Airbnb in NYC? Behind The Legal Battle Over Short-Term Rentals, Pt.2
  - a. <https://www.bkreader.com/featured-news/no-more-airbnb-in-nyc-behind-the-legal-battle-over-short-term-rentals-pt2-7232347>
23. Airbnb vs. Renting: Which strategy is best?
  - a. <https://moneytips.com/airbnb-vs-renting-which-strategy-is-best/>
24. Airbnb vs. long-term rentals: Which makes more money for landlords?
  - a. <https://www.brickunderground.com/rent/airbnb-vacation-rental-vs-long-term-which-makes-more-money-landlords-owners-rent-hop-airbnb-nyc>
25. InsideAirbnb
  - a. <http://insideairbnb.com/get-the-data>
26. Streeteasy
  - a. [https://streeteasy.com/blog/data-dashboard/\[object%20Object\]](https://streeteasy.com/blog/data-dashboard/[object%20Object])





## SOURCES

27. [https://www.igms.com/airbnb-management/#What\\_Exactly\\_Does\\_an\\_Airbnb\\_Property\\_Manager\\_Do](https://www.igms.com/airbnb-management/#What_Exactly_Does_an_Airbnb_Property_Manager_Do)
28. <https://safely.com/articles/short-term-rental-insurance-cost/#insurance-cost>
29. <https://www.investopedia.com/articles/insurance/120816/does-your-homeowners-insurance-cover-airbnb.asp>
30. <https://www.airbnb.com/help/article/279>
31. <https://www.igms.com/airbnb-cleaning-fee/>
32. <https://www.igms.com/airbnb-service-fee/>
33. <https://www.nerdwallet.com/article/travel/airbnb-has-a-plan-to-fix-cleaning-fees>
34. <https://bnbtoolbox.com/blog/how-much-does-it-cost-to-furnish-an-airbnb>
35. <https://realestaterealitycheck.com/how-much-will-it-cost-to-furnish-an-airbnb/>
36. <https://hospitable.com/airbnb-expenses/>
37. <https://listwithclever.com/real-estate-blog/zillow-listing-fees/>
38. <https://www.lodgify.com/guides/property-management/fees/>
39. <https://www.apartmentlist.com/rental-management/average-property-management-fees>
40. <https://www.airbnb.com/resources/hosting-homes/a/new-and-improved-aircover-for-hosts-469>