airbnb

New York Real Estate Investment Via Airbnb

PURPOSE

This analysis seeks to provide useful insights for those seeking to purchase property in New York City as an investment via Airbnb. In particular, this analysis is looking for properties which will recoup the intial investment (down payment) within a 10 year timeframe for the lowest possible initial investment.
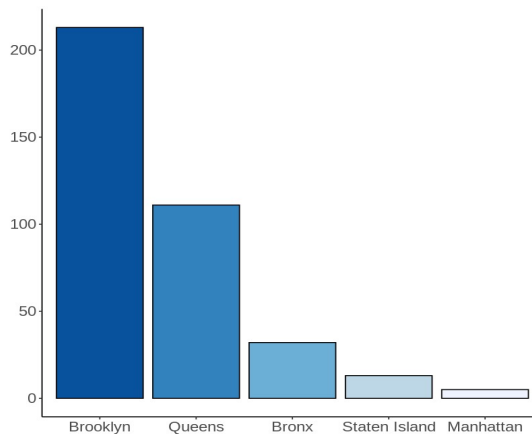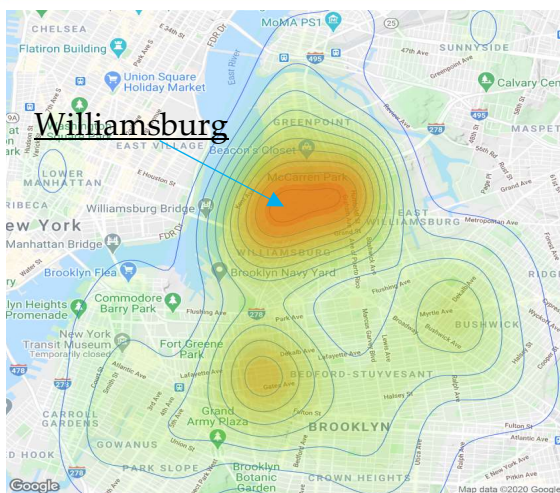
WHICH BOROUGH?

First, we determine which Borough within New York contains the most profitable properties . The chart on the right displays the number of profitable Airbnbs per Borough

WHERE IN BROOKLYN?

Williamsburg

Given that Brooklyn has the highest concentration of profitable Airbnbs the natural next question is where,within Brooklyn, should one consider? As you can see on the map to the left the highest concentration of profitable properties in Brooklyn are in Williamsburg .

ASSUMPTIONS

APR This analysis assumes a 2.942% APR for a 30 year fixed mortgage based on US Banks current average APR in New York City.

Purchase Price Purchase prices for properties are based on the average purchase price for single familiy homes in each borough.

Additional Expenses This analysis does not factor in additional variable expenses for Airbnb properties such as insurance costs & cleaning cost.

Occupancy Rate A 70% occupancy rate per year for rentals is assumed to determine profitability.This rate is the same assumption made for modeling by the Airbnb corporation.

KEY INSIGHTS

The table to the right provides key insights regarding the average pricing for homes in Brooklyn. In particular, the purchase price and down payment provide insight into the price threshold and intial investment we ought to prepare for.

Average	Brooklyn
Purchase Price	$969,126
Down Payment	$193,825
Yearly Mortgage	$38,924
Yearly Profit	$23,008