Cape Town Property Syndicate

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Project Phase 1

(CMPG321)

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# **Group Information**

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Phase 1 – Focus Area and **Requirements Analysis**

# **Area of Focus**

Investment Opportunities for Airbnb in Cape Town:

Our group’s focus is on finding the best areas in Cape Town to buy Airbnb properties. We’re looking at factors like rental income, occupancy rates, and other important decision-making variables to figure out which neighbourhoods are the most promising for investments.

Looking at these factors will help determine areas where land is affordable, and the demand for Airbnb’s is high. This way, profit is maximised, allowing for future expansion of the proper investment business.

It should also be noted that no areas are left behind in this research, from suburbs that have many tourist attractions to neighbourhoods that are highly populated and are filled with our potential target market.

# **Research Questions**

**Here is some research questions focused on investment opportunities in property purchase businesses for Airbnb in Cape Town:**

1. Regulatory Impact: What are the current regulations governing short-term rentals in Cape Town, and how do they affect potential Airbnb investments?

2. Market Demand Analysis: How does seasonal tourism influence the demand for Airbnb properties in different neighbourhoods of Cape Town?

3. Occupancy Rates: What are the average occupancy rates for Airbnb properties in Cape Town, and how do they compare to traditional rental markets?

4. Investment Returns: What is the average return on investment (ROI) for Airbnb properties in various neighbourhoods, and how does it vary by property type?

5. Guest Experience Factors/Amenities: What unique features and amenities do successful Airbnb listings in Cape Town offer to enhance guest experiences and increase bookings?

6. Comparative Analysis: How do property prices and rental yields in Cape Town’s prime areas (e.g., Camps Bay, V&A Waterfront) compared to less popular neighbourhoods?

7. Management Strategies: What are the best practices for property management that maximize profitability for Airbnb hosts in Cape Town?

8. Long-Term Viability: How sustainable is the Airbnb business model in Cape Town given the current economic and housing market trends?

9. Climate and Environment Friendliness: Are eco-friendly or sustainable properties in Cape Town attracting higher rates or occupancy compared to traditional properties? What is the demand for 'green' Airbnb listings in Cape Town, and which neighbourhoods are leading this trend?

10. Best properties to invest in: Which kinds of properties yield the highest returns?

11. Customer Input: How do factors like reviews, ratings, and ‘superhost’ status impact the pricing and occupancy of Airbnb listings in different neighbourhoods?

12. Comparisons on rental income: Which Cape Town neighbourhoods have the highest average nightly rates for Airbnb listings?

13.Competitors: Evaluate the return on investment by comparing property prices to potential rental income.

14. Undiscovered Areas: Are there emerging neighbourhoods showing increased demand and rental income growth?

15. Trend Effects: Which trends in up-and-coming areas are likely to offer future investment opportunities?

16.Return on Investment: What is the average return on investment (ROI) for properties in various areas? Calculate ROI to determine the most profitable neighbourhoods for investors.

17.Tourist Attractions: How does proximity to tourist attractions affect rental income?

Assess whether being close to popular sites increases rental income significantly.

18. Cost Of Maintenance: What are the maintenance costs and their impact on net income in different areas? Consider costs like cleaning, repairs, and utilities to see how they affect profitability.

**How these questions fall under our focus area and research questions:**

1. **Identifying High-Performing Neighbourhoods:** By analysing the average nightly rates, occupancy rates, and revenue potential of Airbnb listings across different Cape Town neighbourhoods, you can identify the areas with the highest investment value and return on investment.
2. **Evaluating Property Characteristics:** Examining the relationships between property features (e.g., number of bedrooms, amenities) and pricing/occupancy metrics can help you understand what types of Airbnb properties are most lucrative for investors.
3. **Detecting Underserved Opportunities:** Identifying neighbourhoods with high demand but low supply of Airbnb listings can suggest potential areas for new investments, where there may be less competition and higher profit margins.
4. **Assessing Market Dynamics:** Analysing the impact of factors like reviews, ratings, and ‘super host’ status on pricing and occupancy can provide insights into the competitive landscape and guest preferences, which are crucial for investment decisions.
5. **Ultimate Profitability:** All the above-mentioned factors help in determining the most feasible approach to investing in property that will yield the highest profit.

# **Dataset Description**

**Explanation of Dataset Fields:**

The dataset is provided in the form of several CSV and GeoJSON files

* listings.csv.gz: Detailed Airbnb listings data
* calendar.csv.gz: Detailed calendar data for the listings
* reviews.csv.gz: Detailed review data for the listings
* listings.csv: Summary information and metrics for the Airbnb listings
* reviews.csv: Summary review data and listing IDs
* neighbourhoods.csv: A list of neighbourhoods in Cape Town for geo-filtering
* neighbourhoods.geojson: A GeoJSON file containing the geographical boundaries of Cape Town's neighbourhoods
* availability\_365: This field shows the number of days each property is available for booking throughout the year. A property with high availability but low occupancy might indicate an over-saturated market or a less desirable area, while properties with lower availability might suggest high demand.
* calculated\_host\_listings\_count: This field shows the number of properties managed by the same host. Hosts with multiple properties might be professional operators, and analysing their portfolio could reveal successful investment patterns

The dataset provides a wide range of information about Airbnb listings in Cape Town, including:

* Location data: Neighbourhood, latitude, longitude
* Property details: Property type, number of bedrooms/bathrooms, amenities
* Pricing data: Nightly rate, minimum/maximum stay, cleaning fees
* Occupancy and booking data: Availability, reviews, ratings

**What could also be included/ considered:**

-Property Type: Found in the listings.csv.gz data  
Description: This attribute provides information on the many kinds of accommodations that are offered on Airbnb’s

Data Format: Categorical data, represented as text

The type of properties names like

Entire Homes/Apartments,

Private Rooms, Shared Rooms

-The number of listings

Found in the listings.csv.gz data

Description: The dataset comprises the overall number of each kind of property that is listed on Airbnb.

Data Format: Numeric data, represented as integers

Entire Homes/Apartments: With 19,280 listings

Private Rooms: 4,062 listings

-The percentage of that type of property in the area

Found in neighbourhoods.csv data

Description: This attribute provides the percentage distribution of each property type within specific neighbourhoods or areas.

Data Format: Percentage data, represented as floats  
Entire Homes/Apartments: (81.8%),  
Private Rooms: (17.2%)   
Shared Rooms: (0.3%)

The data is provided in a structured format, with each file containing relevant columns and rows for the different data types.

The data ranges and domains vary depending on the specific field, but generally include numeric values (e.g., nightly rates, number of bedrooms) and categorical data (e.g., property types, neighbourhood names).

By analysing the price, availability, location, and host data, we can identify the best areas to invest in, maximizing rental income and ensuring steady occupancy rates. The broad range of data points enables a detailed analysis of market trends, helping investors make informed decisions

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