

# Investing in Real Estate for Airbnb Rentals

[www.PLRContentSource.com](http://www.PLRContentSource.com)

One thing has become clear since Airbnb began and that is that potential investors in rental properties stand to make a lot of money regardless of what the housing market is like for long-term housing.

By switching from long term to short term vacation rentals, an investor can raise his profit margin significantly. The good news about this type of investing is that people will always need to find a place to stay when they're traveling, so the market will remain strong.

## **What You Need to Know About Investing in Rentals**

If you are able to secure a loan for a second, third and perhaps multiple properties, then you'll need to know a few tips to make the best purchasing decision for your dollars.

Aside from new properties, make sure you consider foreclosures and fixer upper homes that you can easily repair and renovate so that your earnings soar in a relatively short time span.

When it comes to investing, you need to be able to look at the whole venture rather than just part of it. There's more involved than buying a few properties, advertising that they're available and collecting the cash.

You'll want to know how to figure in your profit total and what the different factors are that can impact that such as the type of dwelling that you choose. Each dwelling will have different appreciation value and you need to know all of that.

As you're renting out these places, you'll be building equity and you want to make sure that you get the most earnings for your investment. Some locations make it more difficult to earn much profit because of the high housing market.

Another thing you'll need to know is the problems that you may encounter when you set out to invest in real estate. You don't want to get into a situation where you're losing money simply because the roadblocks keep you from earning more.

You need to know the best locations where the vacationers are going to want to go. Without guests, your real estate investment will turn sour pretty quickly. But by knowing where people want to go, you can ensure a higher occupancy rate.

When you're thinking about buying rental properties, you need to understand the differences that can occur between housing guests in your area versus hosting them in out of state or foreign locations.

Buying in a variety of locations can change both your profit margin and the pros and cons that you'll have to weigh when you make your decision. With rental investing, there's always a slight gap between expectations and actual income.

You need to know how to set your expectations in line with what you can feasibly earn. Most of all, you need to understand how to look at a piece of property and analyze its true worth and the worth that it will have if you do rent it out using Airbnb.

You'll also need to know what's going on in the market. Any time you find potential property and it's a buyer's market, you can end up getting a better deal.

By following certain investing tips, you can quickly learn what you need to know about making money with real estate properties for the purpose of renting them out on Airbnb.

### **What It Takes to Make a Profit Through Renting on Airbnb**

The most important thing when you invest in real estate hinges on where the property is located. If it's not in a prime real estate area or state and city with some sort of perk (even a beautiful, rural area where they can

get away from it all), then no matter how much effort you put into it, you won't see many guests booking the place.

You have to pay attention to demand with rental properties just as you would with tangible items from a retailer. No demand means the supply goes to waste. It's the same thing with real estate.

You don't want to get into a situation where you're stuck with a rental property that's draining you financially. That won't be an issue with you if you follow a few simple guidelines.

Different locations can command higher rental prices on Airbnb as well as stay booked solid because there is a need for short term rental properties. By buying a property in an area lacking ample hotels or bed and breakfast businesses for the number of visitors who travel there, it provides a golden opportunity for you.

You have to scout out the area where the needs are high - because then that will help your business boom. But if you're up against plenty of hotels, plenty of bed and breakfast businesses and numerous Airbnb spaces that are always available, then you're going to struggle to keep your rental continually filled with guests.

Buying property in an area that's near a tourist attraction is a smart idea because these spaces are in high demand. Hotels near those attractions fill up fast and people are often desperate to find something.

When you're looking for areas where you want to buy rental property, you need to study the area carefully - and not just for whether or not it's in demand. An area can be in demand with guests, but not make you much profit.

You have to look at what the revenue can be for the area that you're buying. Different states mean more money - especially if it's a popular vacation destination.

By looking at the revenue, you can see that buying in the area is a smart move. To look up what potential earnings you can get from a rental, you

have to use an online tool that shows you property value and possible earnings as a rental place.

Once you have a target area in mind, then you can check out local real estate listings to find out what's for sale. Some online tools will show you exactly how much money you can expect if you buy that property.

Look for the areas that show they have a steady, high profit revenue as a rental. Then check out the statistics on the home. Look at number of bedrooms, proximity to attractions and then look up homes that offer the same space or even one that has more to offer guests.

You would need to check out what the rental income for that area is and not just what's available on Airbnb. This will tell you whether an area is going to be a good investment for you.

Look at the price of the homes in the area that you're considering. This will show you how much money you can feasibly clear once all your expenses are paid. After that, see what other places nearby that are listed on Airbnb are going for.

See how often they're rented out. This will help you be able to build a housing profile of what you can expect as well. One thing that you want to keep in mind when you're trying to make a profit is not just to narrow your focus to people who want to rent on Airbnb for vacation plans.

While there are many guests who do that, there are also guests who are only traveling for business and not pleasure. This is why it makes sense to buy rental properties in big cities even if there isn't a popular theme park or beach to attract them.

By buying in areas where major corporations do business, you can capitalize on the people who are traveling for work. Sometimes these big businesses will want to bring in guests from other states or even other countries.

What these companies usually do is either put the guest up in a local hotel or they use one of those short-term apartment rental companies. You can

get a slice of that pie for your business by approaching these big businesses and marketing your location as a place to stay with hospitality rather than something that's impersonal.

The areas where big business is going to be conducted is going to be in most major cities and plenty of these already have a struggle with finding short term rental places.

Or, they have hotel costs that are through the roof. If you buy in a city like that, you can come into an area that's just ripe for something new that offers more value than what they're getting.

For the best choice in real estate on Airbnb in big cities, you want to try to find a combination of guests. Look for the cities that are widely known as both for business men and women and for vacationing families.

That way, you can build your business two ways. Don't forget when you're trying to decide whether or not to buy the real estate to look at the total out of pocket costs.

You're going to need to pay for all of the furniture inside the rental place. You'll also have to make sure the guests have a way to connect to the Wi-Fi. You'll need everything from linens to toiletries and some kitchen supplies as well.

All of that should be considered first because it does cost more to supply things for a quick rental turnover. Some of the expenses can pay for themselves, such as cleaning fees – and it's possible for you to even make a little profit from that element, too!

### **Avoiding Potential Problems**

Problems are what trip up many real estate investors. When you're thinking of buying property, it's easy to see the dreams and the potential and forget about the problems that could end up costing you more than you thought.

First, before you buy property to rent out for Airbnb guests, you have to know if the location is one that can be used for that purpose. There are some well-known major cities that have made it illegal to rent out spaces for short term use.

Some of these are city laws enacted because of the housing problems that the city already has on its own without the added influx of short-term rentals. These cities enact laws so that anyone who buys a property within their city limits must live in it.

Or, if they choose to rent out a space in that property, it has to be with the owner present within the dwelling at the same time. Those kinds of laws can throw your plans out of whack.

So you need to know exactly what you're dealing with before you buy. Research all the state laws for that property as well as the city laws. Sometimes, what you'll run into are places that you can offer your space to rent if you're not around, but the time restrictions have certain guidelines.

For example, in some cities, you can't rent out a property for less than thirty days for occupancy at any given time. So that means that if you have plans to rent out the property by the week, you would be acting outside of city laws if you did.

You don't want the headache of running afoul of city officials. Not only would it be stressful, but you could end up with fines that greatly reduce any profit. The rental idea isn't gone for good, though – many corporations will rent property for this amount of time for business associates and clients.

What's allowed in one state with rental properties may not be allowed in other. One mistake that real estate investors make is that they check all the city ordinances and then once they find out that short term renting is available, they jump on the opportunity.

They buy the place and put the listing up on Airbnb. Guests start booking in droves and then the investor finds out that there's a problem with the property's Homeowner's Association or HOA for short.

There are many homeowner associations that don't allow renting of the home in their neighborhood. When you're considering buying a place, you should be able to see a copy of the laws of the association before you buy it.

If you do buy a rental property, you have to understand before you sign the paperwork how it'll work with your property insurance company. You'll also need to know if you have to provide any kind of additional insurance since you won't be living on the actual property.

Pay attention to all the codes if you buy a piece of property inside a complex such as an apartment. Just because you plan to rent it out to a group of eight guests doesn't mean that the code for the apartment building allows that many people to stay - even short term - in one apartment.

Another potential problem that you'll want to try to avoid are neighbors who could be an issue. Some people just don't like rental properties in their neighborhood. While that shouldn't stop you from purchasing a place, you do want to keep in mind that some neighbors could make your guests' stay absolutely miserable.

Pay attention to any parking issues. If parking is limited, you'll need to address that up front. A host renting out an apartment and three people arriving in separate vehicles for one allotted parking space might mean you run into issues.

Check with the city to see how welcoming they are when it comes to using your location as an Airbnb rental. Some cities welcome these types of rentals because they know it means more tourist dollars for them as well as their citizens.

You'll also want to know before you invest in any rental real estate property whether or not you're going to be subject to hotel tax. If you are, that needs to be figured into the total cost of renting the property out.

While you can avoid most potential problems with some advance planning as well as having a contingency plan in effect for afterward, one thing you have to watch out for are your guests.

Most of them are going to be kind and behave decently. Others could be a nightmare. If these guests cause problems for the property or the neighborhood, then you need to have a plan of action already in place.

Have something in your rental agreement about evicting guests who violate certain rules such as noise, rowdiness, or just plain idiotic behavior. The last thing you need is to have your place listed as a nuisance residence by city officials.

### **Buy Where the People Want to Be**

It won't do any good to buy a residence in an area where few people want to vacation. If you don't know right off the bat where any of those places might be, all you have to do is a simple online search for the most often visited vacation hotspots and that will pull up the results.

You want to look for cities and places that are known as getaway cities. These cities are always packed with tourists looking for a great place to stay while they see the sites.

Look for places in Savannah, Georgia. Your best bet here to invest in would probably be an apartment since the median housing price can a little expensive. The closer you can get to the historic district, the better.

Your apartment earnings for rentals here will vary, but you can expect around \$200 per night. Nashville, Tennessee hits the list of where people want to be because of all the fun stuff to do there as well as the great dining.



Plus, there's the lively music scene. Places in Nashville also command around \$200 per night, depending on the dwelling. Remember when doing your research on which city to invest in to also check for average Airbnb rates.

If they're low and in the same area, you can't expect to come in and have rates that are much higher and be successful. Besides Nashville, you should look for rental properties in New Orleans.

This is a huge tourist attraction state - especially during Mardi Gras. The more well-known an attraction is for tourists, the more likely you'll be able to rent out property and make a nice return on your investment.

Cities that have huge events are also great places to invest in property. Don't overlook college cities, either. Any city that has a large influx of college students is an area that needs housing for visiting parents and other family members as well as alumni for major collegiate sporting events.

In the right college city, you'll be able to keep the place rented out for short term leases to prospective students and their families as well as during special college events.

Also look for rental spaces in cities that host any major televised events such as singing competitions or sports activities. These are cities that will need short term rental homes or apartments since the hotels in the area will book up pretty fast.

People who are unable to rent a room in a hotel but want to stay in the location will rent from you. Sunny areas are always a hit with vacationers. You want to look for beach cities, but keep in mind that not all beach cities are vacation hot spots.

Plus, there will be times when your bookings might end up cancelled due to bad weather like a hurricane bearing down on the state. Other than that, beach cities are a top vacation spot.

Places such as Miami Beach in Florida are well known vacation spots. This area is known for the dining just as much as it is the beach. But if you invest in property here, be prepared to pay a little more for a home.

The average house price in Miami Beach is \$375,000. You can expect to rent out a place here for around \$350 a night. If you can keep the place rented out steadily, you can make a good profit.

San Diego is a city that offers some great investment opportunities. There's a steady demand for short-term rental properties. If you invest here, you can expect to make around \$300 per night and a little more if you're in the Pacific Beach area.

Seattle is another place you'll want to look for investment properties and so is Portland. The average cost of a one-night rental stay in these cities is between \$150 to \$200 per night.

Philadelphia and Boulder average between \$250 to \$300 per night and both cities are hot spots for vacationing travelers. Housing isn't that expensive in Philadelphia, so you have a greater profit margin there. You can find a great place to rent out for about \$225,000.

Boulder is a lot more expensive since the average cost of a home there is just under \$700,000. The home values in Boulder have a steady increase in value, so even at the higher price, it's still a good idea to invest in rental property in this city.

There are some well-known vacation cities that tourists love and the home value is rising so rapidly that it makes sense to buy there. Asheville, NC is a huge tourist attraction thanks to places like the Blue Ridge Mountains, the Biltmore Estate and the numerous waterfalls.

Charleston, SC and St. Petersburg Florida are considered great investment areas because they're tourist areas that stay full year-round thanks to the warm weather.

In Charleston, the average night stay is around \$275 while St. Petersburg is around \$400. Look for island properties like in Hawaii or Hilton Head in South Carolina. Both are well known tourist spots.

While you might hear advice that's it's best to buy rental places in states that have a high population of tourists like New York, Los Angeles, San Francisco and Chicago, that's not always the case. The competition that you're going to have in these areas is going to be pretty fierce.

The supply will - at times - far outweigh the demand and you don't want to get your start in a city that might already have an overabundance of Airbnb rental places to choose from. Look for states that have a need without being too full from other investors.

### **Buying Foreign Properties**

There are some things that you have to consider if you're thinking about investing in foreign properties. You can often buy places in foreign countries cheaper than you can in the States.

One reason that profits can be higher in these areas is because of the value of the dollar elsewhere. Another is that many foreign countries have laws that forbid certain developments in the area.

So, this often translates into a higher need for places to rent for the tourists. The demand for rental places is often greater than what's actually available making the area a good investment.

You want to research what the potential yield could be before you buy. If you find a decently priced place on a beach in a foreign tourist area, your gain will almost always outweigh your risk.

Places like Portugal are a vacation spot for travelers and housing in areas like Lisbon are in high demand among tourists. If you don't have much money to spend on income property, but you still want to invest somewhere else, then look for what's available in Panama.

You can find places there that are extremely affordable. Places with potential high occupancy rates are often found in the well-known cities such as Paris, London, and Rome.

But other foreign places also have high occupancy potential and there won't be as much competition in those areas. You can look for housing properties in Spain, Dublin, or places like Columbia.

In Columbia, you can find cheaper housing, yet still get a good profit return. There is a difference in buying rental properties overseas versus in the States. The emphasis is sometimes on space in the States but overseas the focus for travelers is often simplicity.

So don't be afraid to invest in a smaller rental property. You want to be able to have a place that can appeal price-wise to the average traveler. There's a tip to buying property overseas that a lot of investors don't think about.

By choosing a home or apartment in certain areas, you can stand to earn at the top percent for short term rentals. You should pay attention to where the tourists want to go on vacation.

But you also want to look at hospitality businesses that take dedicated trips to specific foreign sites. That means that you need to do some research on where the most popular cruise ship destinations are.

This will help you to know what destinations can be among the top earning ones. These trips run like clockwork because thousands of people want to visit. If the people are coming in on cruise ships, you can bet they're coming in by plane as well.

Some of these most popular cruise ship destinations are Cancun, Mexico and other Mexico destinations which are a tourist favorite, the Bahamas, Jamaica and the Dominican Republic.

**How to Take Care of Guests in an Area That You Don't Live In**

While it makes good business sense to invest in properties to rent for short term leases, they may be located in places where you don't live. Since being part of Airbnb rentals is all about the hosting and making sure your guests are taken care of, you'll have to hire someone to do that.

You need someone who can check your guests in to the place in your absence. You can find a property manager in the States or in foreign areas who can help you provide the best possible experience.

You may not want to entrust this duty to someone who just lives nearby and promise to pay them for helping out. You may prefer to hire someone who is a professional who knows exactly how to treat guests.

It's especially helpful if you can find someone who has worked in the hospitality business or understands the ins and outs of handling rental properties. Get a professional because you're risking your profits if you don't.

Guests won't be happy if they're not taken care of. When you're not there, that's when things can go wrong. By living some distance away or even in another country, you can't always take care of the little issues much less the big ones when they arise.

If you had a pipe burst in an apartment and you were too far away to deal with it, it would be a huge hassle trying to locate someone to fix it. While you might not be familiar with which professional to call to fix a pipe, your property manager would be.

They take care of the hassles when you're not there. You can hire either a company that's known for the service of managing rental properties or you can hire an individual.

The duties of a property manager mean they're going to oversee the property inside as well as out. They're going to take care of all the things needed to keep the place up and running and ready for guests.

You'll want someone who's capable of making sure that all the utility bills are paid on time. It wouldn't make guests happy to be in the middle of

their vacation and discover that the electricity was shut off because the bill wasn't paid.

If you've invested in property in a foreign country, you'll want to have a property manager who can make sure the taxes on the place get taken care of. A property manager can quickly step in and take care of any simple maintenance such as replacing a broken outdoor light or getting someone over to repair a fence.

They can make sure that the grass stays mowed and the place always looks like it's in top notch condition. There are certain things you'll want to set up between you and your property manager.

They should have good record keeping skills and be organized. You'll need them to be able to handle keeping up with the cost of running the property. That means that they're going to need an escrow type account or budget set up that they can pull from to fix things with.

They get it fixed and then give you the receipt. A property manager in a foreign country can help you with guests as they arrive at the location. He or she should be on hand to be able to greet the guests each time the place is rented out.

Having a guest show up in a foreign country to a dark rental and not know how he's going to get in would not be a pleasant experience for either party. Your property manager can greet him and hand over the keys to the place.

He can also show your guest how everything works and help him if he has any questions. When the rental is over, the property manager can collect the key and do a walk-through of the property to inspect the premises to make sure that nothing was damaged.

Having someone there who can take note of that will make a difference in how any deposit for damages get paid out to you. A property manager can also make sure the place is kept clean and stocked for guests.

Either he can do that himself or he can hire it out through the funds you provide. If your place is a high demand rental, you may want to have a cleaning service ready.

By having a property manager, you can end up having a stress-free income versus one where you're being pulled in so many directions and dealing with so much rental stuff that you end up stressed out over the property.



## **PLR CONTENT SOURCE**

Your Source For High Quality, Private Label Rights  
Content That You Can Actually Afford and Profit From

[www.PLRContentSource.com](http://www.PLRContentSource.com)