

Buying a Home for Airbnb Rentals

► Pros and Cons



Radka Hnilicova

Realtor
Century21 B.J. Roth Realty Ltd.
[radka-hnilicova.c21.ca/](mailto:radka-hnilicova.c21.ca)
radka.hnilicova@century21.ca
Phone: 705-205-9585 , Office: 705-205-9585
License: 4740448, ON



Buying a Home for Airbnb Rentals: Pros and Cons

AirBnB investment properties broaden your network of renters from local residents to global travelers. Short-term Airbnb rentals can be a great way to generate passive income, but only if you have the right skills and strategies! Before purchasing a home to use for Airbnb, it's important to know what to expect going into it.

Read on for:

PAGE 3

Is AirBnB a Good Investment Strategy?

PAGE 4

Pros of Owning an Airbnb Rental

PAGE 5

Cons of Owning an Airbnb Rental

PAGE 6

Buying an Investment Property for Airbnb



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► Is AirBnB a Good Investment Strategy?

As with any other property investment, your chances of success with Airbnb can vary. There isn't a yes or no answer to the question of whether it's a good strategy. You have to be smart about it!

Several factors play into how much profit you can earn from Airbnb. You have to consider things like:

- | | |
|----------------------------------|--------------------------------------|
| ● Location | ● Local regulations |
| ● Weather | ● Management requirements |
| ● Time of year | ● Amenities and design |
| ● Surrounding competition | ● Your lifestyle and schedule |

Investing in a home for Airbnb can be successful if you have enough time, skills, and resources to put toward it. Investors who thrive in the short-term leasing market often have entrepreneurship goals, investment skills, managerial experience, marketing know-how, and excellent communication. All these things will serve you and your renters through Airbnb.

When done well, Airbnb hosts earn a yearly average of \$41,000 to \$80,000 from their rentals – sometimes more! But just like everything else in real estate, earnings depend on two main factors: location and timing.



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► Pros of Owning an Airbnb Rental

The main benefit of buying a home for short-term rental use is how lucrative it is. With Airbnb and its competitor platforms, you can expect these real estate benefits.

Flexibility: With Airbnb, you have more control over the availability of your rental – as well as the tenants allowed to stay there. You can adjust rental costs depending on the time of year (such as vacation season or holidays), instead of locking into annual contracts.

ROI Potential: It's sometimes cheaper to furnish and set up Airbnb homes, meaning there's a lower cost of entry. You're also likely to get a good return on investment from steady monthly income in desirable locations.

Host Protection: Depending on your region, Airbnb host protection plans offer up to \$1 million in repairs for property losses. Instead of paying out of pocket for tenant damages, you're financially protected by the company.

Host Property Enjoyment: Opposite to long-term tenant leases, you can enjoy your own investment property when necessary. Whether it be personal vacations, special occasions, or renovation projects, you can block off rental availability to use the space for yourself.



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► Cons of Owning an Airbnb Rental

Owning an Airbnb rental can be highly profitable in ideal situations. However, it's not all sunshine and rainbows for all parties involved. Here are some potential downsides to consider.

More Responsibility: Investing in an Airbnb home requires a lot of responsibility. Not only do you need to purchase and set up the rental yourself, but you also need to maintain it year-round. You can hire a property manager to do that, which adds another layer of expenses.

Legal Restrictions: Some jurisdictions have legal limits on short-term rentals. New York City, for example, banned whole-unit rentals that are less than 30 days. Understand your local regulations and know what's possible before buying a home for Airbnb.

Uncertainty: While a long-term property lease can ensure monthly income, Airbnb rental dates can be inconsistent. Depending on location, your rental might get booked only during summer but then remain vacant for the rest of the year. Additionally, it may take time to start earning money from Airbnb. Guests prefer to book homes with a history of good reviews on the app.

Risk: A higher volume of guests with quick turnover dates can pose an increased risk to your property. Guests might be loud, break the rules, or potentially disrespect your rental.



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► Buying an Investment Property for Airbnb

Whether you already own a rental home or you're new to buying investment properties, going the Airbnb route is a popular, realistic option.

Typically, the best types of properties for Airbnb are:

- **Vacation homes**
- **Properties in tourist areas**
- **Spaces with unique amenities such as a hot tub, great views, or quirky decor**
- **Entire homes or condos**
- **Experience-based properties like a treehouse or tiny home**

You also have to consider property financing options, renovation needs, interior design, and level of upkeep when buying for Airbnb. When looking to buy, it's smart to get help from a real estate agent who specializes in short-term rental properties.



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The bottom line is this:
know your capabilities for buying and hosting an Airbnb

If you enjoy long-term commitments, being involved in your property, meeting people from around the world, and providing a good experience, Airbnb might be for you!

It can be a fun and rewarding way to earn consistent income.

Interested in learning more about barndominiums?

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Whether you want to buy, build, or sell, we're here to support you through all the requirements.



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